



SANTINIKETAN  
LIBRARY

Class No. 334...

Author No. J. 71...

Shelf No. ....

Accession No. 707







# *Co-operative Production*

BY

BENJAMIN JONES

WITH PREFATORY NOTE /

BY

THE RT. HON. A. H. DYKE ACLAND, M.P.

*Vice-President of the Committee of Council on Education*

Oxford

AT THE CLARENDON PRESS

1894

*London*

HENRY FROWDE  
OXFORD UNIVERSITY PRESS WAREHOUSE  
AMEN CORNER, E.C.



*New York*

MACMILLAN & CO., 66 FIFTH AVENUE

## PREFATORY NOTE

---

THE history of the co-operative movement is the history of a movement which has had, in many parts of the country, few chroniclers. When the social and economic history of the nineteenth century has to be written, the student will often be at a loss to explain the associated industrial efforts of working men in this country by means of those scanty records of vigorous enterprise and disastrous failure which have been or can be prepared. For the men who laid the foundations of co-operative work in this country were men not of words but of deeds. The means at their disposal for the acquisition of knowledge were so few, their hours of labour often so long, that they had neither the power nor the opportunity of leaving any written record of the work of their lives.

Much which we would have gladly known has finally disappeared, but the story which Mr. Benjamin Jones unfolds is full of interest to those who can even imperfectly realize, in imagination, the use that some of these pioneers made of their opportunities. The labour, the self-sacrifice, and the life-long devotion

which many of those whose work is mentioned in this book gave ungrudgingly to the cause of social reform, are most remarkable. But up to the present time this notable history has been on many sides an unexplored field. Until the last few years the ordinary manuals of political economy contained a few paragraphs, or pages, on co-operative distribution and New Lanark ; or on Briggs' Colliery and the Christian Socialists. Students have often sought in vain for a fuller knowledge ; and much information, which has fortunately not yet perished, is now for the first time made available to the public.

Co-operators themselves, also, have been as ignorant of many facts in their own past as is the ordinary citizen, very often, of the recent history of his own country. They have had much zeal ; but they have lacked knowledge. The result has been that the same experience has been very dearly bought again and again for want of information, and that sharp and unnecessary differences of opinion have arisen, to the great hindrance of the progress of co-operative production.

To preserve the experience and knowledge of those who remember some of the earlier efforts in associated industry is therefore of the first importance : to do this, and to search such scanty records as remain is the task which has been undertaken here. Those who have taken an interest in the co-operative movement among working men and working women in this country are well aware of the capacity of Mr. Benjamin Jones to give information on the subject. I therefore gladly add these

## PREFATORY NOTE.

few prefatory words, which, indeed, are hardly necessary, at his request. It is not for me either to endorse or to controvert the views which Mr. Jones expresses on some of the questions with which he deals. But I have little doubt that the historical value of this book is, and will be, very considerable. Here, for the first time, are put together, in a compact form, the records of many efforts, successful and unsuccessful, to realize the aims of the older co-operators of the earlier part of this century. The opportunity for collecting some of this information was fast slipping away when Mr. Jones began the series of articles in the *Co-operative News* which are to a large extent embodied in this volume.

No impartial-minded man can read the account of the labours of many of the earlier co-operators without realizing how great was the unselfish and public-spirited energy which they gave to their work. No one who has watched the best work alike of Co-operative Societies, Trades Unions, and Friendly Societies, doubts for a moment that invaluable services have been rendered to the country by means of the training which has been supplied in self-government by these associations.

In many of the associated efforts which are here described men have found a school in which they learnt the weaknesses of certain kinds of democratic organization when applied to industry. But the removal, by some form of associated management, of the evils which beset many of the present methods of industrial organization will always be the aim of

a certain number of social reformers. As long as these evils exist there will be a constant demand by those who have a higher ideal before them, for some methods of organization and management which may tend to lessen the present frequent discords between employers and employed. To all such persons the story of the past recorded in these pages, with its encouragements and its warnings alike, will be of the highest service.

A. H. D. ACLAND.

LONDON: July 16, 1894.

# CONTENTS

CHAPTER	PAGE
I. INTRODUCTORY SKETCH OF CO-OPERATION . . . . .	1
II. THE REASON WHY . . . . .	27
III. A STARTING POINT . . . . .	33
IV. COMMUNITIES WANTED. . . . .	40
V. ROBERT OWEN'S REMEDY . . . . .	48
VI. COMMUNITY EXPERIMENTS . . . . .	56
VII. HALF A LOAF! . . . . .	77
VIII. LABOUR EXCHANGES . . . . .	87
IX. REDEMPTION SOCIETIES . . . . .	96
X. CHRISTIAN SOCIALIST ASSOCIATIONS . . . . .	110
XI. BEFORE LIMITED LIABILITY . . . . .	123
XII. WITH LIMITED LIABILITY . . . . .	142
XIII. DOMESTIC PRODUCTION . . . . .	150
XIV. CORN MILLING . . . . .	170
XV. THE WHOLESALE SOCIETIES . . . . .	188
XVI. COTTON FACTORIES . . . . .	252
XVII. WOOLLEN FACTORIES . . . . .	339
XVIII. SUNDRY TEXTILE AND KINDRED SOCIETIES . . . . .	371
XIX. BOOT AND SHOE SOCIETIES . . . . .	401
XX. EFFORTS IN THE IRON TRADES . . . . .	437



CHAPTER	PAGE
XXI. COLLIERY FAILURES . . . . .	494
XXII. ASSOCIATIONS IN THE BUILDING AND ALLIED TRADES . . . . .	540
XXIII. PRINTING, PUBLISHING, AND PAPER MAKING . . . . .	572
XXIV. SUCCESS AND FAILURE IN AGRICULTURE . . . . .	614
XXV. MISCELLANEOUS SOCIETIES . . . . .	675
XXVI. JUSTICE! HOW TO GET IT? . . . . .	733
XXVII. ORGANIZATION AND MANAGEMENT . . . . .	752
XXVIII. PROFITS, AND PROFITS-SHARING . . . . .	783
XXIX. THE FUTURE . . . . .	809
INDEX . . . . .	817

# CO-OPERATIVE PRODUCTION



## CHAPTER I.

### INTRODUCTORY SKETCH OF CO-OPERATION.

ON October 25 and 26, 1892, the Royal Commission on Labour examined four witnesses representing the Co-operators of Great Britain. In their evidence it was stated that, at the end of 1891, there were in existence 1,459 retail distributive Co-operative Societies, having a total of 1,098,352 members, with £11,520,045 of share capital, and £1,207,204 of loans. The sales of these societies during 1891 had amounted to £31,514,634, on which profits amounting to £4,342,373 had been realized<sup>1</sup>.

Some of the above-mentioned societies have only one shop, and carry on the businesses of grocers and provision dealers only; these being those with which a newly formed retail society usually makes a start. But others of these societies have grown to a great size, and have numerous branches and departments. The one at Leeds illustrates this growth. It began in 1847 with a corn mill. At the end of 1892 it had a corn mill producing 85,000 sacks of flour in the course of the year, 69 grocery and provision shops, 19 shops for drapery and one for millinery; 9 for boots and shoes, and 40 for butcher's meat. It also had 12 coal depots, a furnishing store, a bakery, a tailors' shop and workrooms, a boot and shoe factory, a brush factory, and a building department to erect shops, cottages, &c. for the society and its members. The number of

<sup>1</sup> Minutes of Evidence, Labour Commission, Oct. 25, 1892, p. 8.

shareholders was 29,958; the sales for the year 1891 were over £850,000; and the profits on these sales were over £109,000, in addition to interest paid on share capital at the rate of 4 % per ann.<sup>1</sup>

The system under which these societies are worked is usually called the 'Rochdale plan'; because,

'although the Rochdale Pioneers were not exactly the first to divide the profits in proportion to the amounts of purchases, it is to them that we owe the inauguration of the present system upon a basis which experience has proved to be so sound<sup>2</sup>.'

Generally speaking, the organization and management are as follows :—The societies are registered under the Industrial Societies Act. The shares are £1 each. In nearly all the older societies these shares are all withdrawable; but there is usually in the rules a power conferred on the committee which enables them to suspend withdrawals of share capital in cases of emergency. In a large number of the younger societies the first share belonging to each member is transferable; and the remainder are withdrawable. A person—man or woman—pays 1s. as an entrance fee, and has to agree to take at least one share in the society he or she wishes to join. This share has then to be paid up at the rate of not less than 3d. per week. The person is usually at once entitled to all the advantages of membership on the share being allotted.

It is worthy of notice that about a generation before the passing of the Married Women's Property Act, co-operators recognized the equality of the sexes in the matter of shareholding and investments, and many amusing stories used to be current of the successful resistance offered by secretaries and treasurers to the efforts made by unworthy dissolute husbands, to exercise their undoubted legal rights, and so obtain possession of their wives' co-operative investments.

Each member is entitled to one vote at the society's

<sup>1</sup> Society's Balance-sheet, Dec. 31, 1892.

<sup>2</sup> Minutes of Evidence, Labour Commission, Oct. 25, 1892, p. 3.

meetings, which are generally held quarterly, and there is no proxy voting. The committee and other officers are usually elected at the members' meetings; sometimes by ballot, and sometimes by open voting. The management of the society is vested in the committee, and they appoint the managers and other principal employés. In the smaller societies they generally appoint all the employés. Fixed wages are, in the majority of cases, paid to all employés; but in some societies, a system of piece-work prevails of the employés being paid so much in the pound on the sales. In other societies, but not in very many, the employés share in the profits; mostly by being allowed on their wages the same rate of dividend as is allowed to the shareholders on their purchases. Both shareholders and the general public can deal at the Co-operative Stores. Goods are usually sold at the current retail market rates of the district; and, after paying the working expenses, writing off a portion of the value of Fixed Stock to provide against depreciation, and crediting share capital with its interest, which in most societies is 5% per ann., but in some of the older societies is only 4% per ann., the remainder of the profits are divided among the customers of the stores in proportion to the amounts of their purchases. Non-shareholding purchasers are usually allowed to participate in the profits to the extent of one-half the rate of dividend payable to shareholders; but there are societies where non-shareholding purchasers receive as much as shareholders within 2*d.* in the pound. The rate of dividend varies in different societies and districts. In the south of England it will average about 1*s.* 6*d.* in the pound. In the Midlands, it will average over 2*s.* In Scotland, it will probably average over 2*s.* 6*d.*; while in the northern counties of England, the average will be fully 3*s.* in the pound<sup>1</sup>. There are only 'about 2 % of the members in receipt of' so much as £150 per ann. of wages or other income<sup>2</sup>.

<sup>1</sup> Co-operative Congress Report, 1892, pp. 136-178.

<sup>2</sup> Minutes of Evidence, Labour Commission, Oct. 25, 1892, p. 8.

A number of the societies appropriate a portion of their profits for educational work. It is probable that nearly all of them would be doing so, had not the law between 1855 and 1862 made such grants illegal<sup>1</sup>. But, in spite of the law, many societies persisted in using a certain portion of their profits for this purpose; and since the removal of the legal prohibition, there has been a very rapid increase in the educational expenditure of the societies. The amount thus expended in 1891 was £32,942<sup>2</sup>. Beyond this money expenditure, many societies grant the free use of rooms, gas, and cleaning; so that the total annual cost of co-operative educational work is probably over £40,000. In 1887, the co-operative societies possessed 297 reading-rooms, and had 202,013 volumes in their libraries<sup>3</sup>.

The Rochdale Pioneers is one of the societies which appropriates 2½ % of the profits for educational purposes; and it was the first to attain distinction in this department of co-operative effort.

‘The society has a large central news-room, and eighteen branch news-rooms, which are supplied with daily and weekly newspapers, monthlies, and quarterlies, representing the best general literature of the day. The reference libraries at the central and branch news-rooms contain 2,527 volumes of the best standard works, and the circulating library contains 14,791 good and useful books; total number, 17,318 vols. In addition to the above, the educational committee have the control of the science, art, and technology classes, the extent of which may be estimated when it is stated that for the current session about 345 students have entered the same, and a sum of £121 has been received for class fees. . . . The monthly and quarterly meetings are held in the Assembly-room, over the society’s central store; and this room is also let to the public for lectures and entertainments<sup>4</sup>.’

Any one who has been at Rochdale, and noticed the handsome central stores of the Pioneers’ Society dominating

<sup>1</sup> *Working-men Co-operators*, p. 117.

<sup>2</sup> Co-operative Congress Report, 1892, p. 171.

<sup>3</sup> Minutes of Evidence, Labour Commission, Oct. 25, 1892, p. 9.

<sup>4</sup> Minutes of Evidence, Labour Commission, Oct. 25, 1892, p. 4.

the town, will admit that the building is worthy of its owners and occupiers. It is only one out of a large number of fine buildings possessed by co-operators in different parts of Great Britain ; and the societies, animated by the same aspirations which caused the Owenites to raise their Hall of Science in Manchester<sup>1</sup>, have usually provided these buildings with meeting halls. The halls are a co-operative necessity ; for the success of co-operation depends upon the support of the people ; and this can only be obtained through meetings and discussions. Beyond this, however, these halls have become public blessings. A reader of political news during the last general election must have been struck with the continual repetition by the reporters that Mr. So-and-So's 'meeting was held in the Co-operative Hall.' In fact, as far as the north of England is concerned, if it were not for the liberality of co-operators in providing halls, regardless of whether they could be profitably rented or not, it is difficult to imagine how politicians would have been able to obtain convenient places in which to hold their meetings.

The following further extract from Mr. Mitchell's evidence before the Labour Commission will throw light on some supplementary branches of work carried on by co-operative societies. The statement refers to the Bolton Society, which has 16,617 members, £319,589 of capital, and 49 branch stores. Its sales for the year 1891 were £496,010, and its profits were £76,151. Besides this, the Bolton Society

has advanced to its members no less than £258,265 to enable them to build houses for themselves. Of this amount, the borrowing members have repaid £140,820, the remainder being still advanced on mortgage security. It also enables the children of its members to become thrifty by opening a savings bank department, to which the children are invited to bring their

<sup>1</sup> The Hall of Science was afterwards bought by the Corporation, and for many years it was used as the head free library for the city of Manchester.

savings. This department has received in seventeen years the sum of £37,131 from small depositors, who have again withdrawn £29,033, leaving £9,191 still to their credit<sup>1</sup>.

Mr. Hardern, another of the witnesses, stated, in his evidence, that three societies in the borough of Oldham had advanced on mortgage for the purchase or building of cottages for their members, the sum of £165,103;

'the present balance owing being £40,085; the number of cottages built, 1,026; and the amount repaid to the societies, £125,018. I have pleasure in stating,' he continued, 'that this form of disposing of the surplus capital of our societies has been the most remunerative; and that little or nothing has practically been lost in capital expended in this manner. The class of houses built are those most suitable to the artisan class. One feature of our building department is that a member is not allowed to burrow more than £300 at one time; the desire of the institution being that each member shall build a house for himself; and shall not become what we might term a cottage property owner. I think this remark will apply in full force to all the societies in the district<sup>2</sup>.'

It is impossible to say how many societies have similar departments to those cited by Messrs. Hardern and Mitchell; but in 1885 there were at least 96 societies engaged in providing cottages for their members; either by building them, or by advancing loans on mortgage. It is only since the passing of the Industrial Societies Act of 1871 that societies had the legal power to make such advances, or enter into building operations of this character; but there were some societies doing so several years before 1871, regardless of the then adverse state of the law on the subject<sup>3</sup>. The first Co-operative Penny Bank was started in 1859. In 1885 there were 154 societies which had children's savings bank departments in operation. Some societies give annual treats to the children who are de-

<sup>1</sup> Minutes of Evidence, Labour Commission, Oct. 25, 1892, p. 6.

<sup>2</sup> Minutes of Evidence, Labour Commission, Oct. 26, 1892, p. 74.

<sup>3</sup> Co-operative Congress Report, 1869, p. 91.

positors, so as to encourage them. The general testimony of co-operative officials is that these banks

‘encourage habits of foresight, prudence, and thrift; that their action is very beneficial; that depositors, as they grow up, become shareholders; that co-operative principles are encouraged and disseminated;’ and, as one correspondent puts it, using these banks ‘teaches them (the depositors) to realize the glorious privilege of feeling independent’<sup>1</sup>.

Co-operators were the first shopkeepers in this country to grant a weekly half-holiday to their employes, and they work their employes during a far less number of hours weekly than is usual among shopkeepers. In the early part of 1892, the co-operators sent a witness to the Select Committee on the Shop Hours Bill, to give evidence in favour of legally limiting the hours of labour in shops. This witness stated that the average hours during which co-operative stores were open for business were, in and around London, 60 to 61 hours per week; in and around Glasgow, 57 hours per week; and in Oldham 56·16 hours per week. But in Northumberland there were now a number of stores whose employes only worked 48 hours per week<sup>2</sup>.

The surplus funds of co-operative societies are invested in federal co-operative institutions, of which some information will be given later on, working class limited companies, railways, canals, and consols. The investments in railways and canals became so important, that societies felt very keenly the imperfection of the law; since it prevented them from being legally and adequately represented at the shareholders’ meetings of the companies in which their funds were invested. The railway and other directors would allow societies’ representatives to be present at the meetings, and would also allow them to speak, so long as they said pleasant things; but, if they made unpalatable

<sup>1</sup> *Wholesale Societies Annual*, 1885, pp. 134, 142.

<sup>2</sup> Minutes of Evidence, Select Committee on Shop Hours Bill, 1892, pp. 208-9.



remarks, the directors politely reminded the delegates that they were there only on sufferance, and had no legal standing. To remedy this defect, the co-operators promoted a Bill, which became law in 1888, by which societies can now invest one of their members, as their representative, with the full powers of a shareholder at the railway companies', &c. meetings, without his having also to be a shareholder personally. The investments in railways and canals by co-operative societies probably exceed £1,000,000.

As Rochdale gives the name to this system of co-operation, it will be as well to give here the original objects, &c., of the Pioneers, as set forth by them in 1844, when they started their humble store in Toad-lane with 28 members and £28 of capital. They are as follows:—

‘The objects and plans of this Society are to form arrangements for the pecuniary benefit and the improvement of the social and domestic condition of its members, by raising a sufficient amount of capital in shares of £1 each, to bring into operation the following plans and arrangements:—

‘The establishment of a store for the sale of provisions, clothes, &c.

‘The building, purchasing, or erecting, a number of houses in which those members desiring to assist each other in improving their domestic and social condition may reside.

‘To commence the manufacture of such articles as the society may determine upon, for the employment of such members as may be without employment, or who may be suffering in consequence of repeated reductions in their wages.

‘As a further benefit and security, the members of the society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who shall be out of employment, or whose labour may be badly remunerated.

‘That as soon as practicable the society shall proceed to arrange the powers of production, distribution, education, and government; or, in other words, to establish a self-supporting home colony of united interests, and assist other societies to establish such colonies.

‘That for the promotion of sobriety, a temperance hotel be opened in one of the society’s houses as soon as convenient’<sup>1</sup>.

<sup>1</sup> Holyoake, *Rochdale Pioneers*, pp. 10–11.

There were quite a number of co-operative societies in existence at the time Rochdale started; and at the end of 1890 there were still 37 of these 'elder brethren' in existence, 23 of them being in Scotland, and 14 in England<sup>1</sup>. Lloyd Jones, at one time an Owenite Socialist missionary, and J. M. Ludlow, the founder of the Christian Socialist movement, writing in combination, in 1867, said :—

'Curiously enough, the first attempt at co-operation was made somewhere about the time when the various other forms of association which have been noticed were either coming into existence, or striking those roots which have since nourished their vigorous growth. . . . It would be difficult now to conceive the state of things that then existed. The back streets of the manufacturing towns swarmed with small shops, in which the worst of everything was sold, with unchecked measures, and unproved weights. The customers at these shops were the persons who drank and danced as long as they had money, and who, when they had none, had no other resource than the "stuff shops." The business to the shopkeeper was profitable, when he got regularly paid on the Saturday night; but regularity in payment was not the rule, and great losses were sometimes suffered. The business upon the whole was a bad one. Hence, when co-operative stores first began their much-needed operations, the general indebtedness amongst the working people made success almost impossible. At this early period, nothing was known of the admirable plan on which they are now worked. A certain number of persons supplied the capital in small shares, and divided, in proportion to the capital invested, whatever profit was made. Such concerns had no special attraction for artisans or the public, nor could they furnish any guarantee against fraudulent dealing. The enthusiastic young men who stood behind the counter in the evening, when the stores opened, used to preach self-denial and prudence to their few stray customers. Such preachings in a pecuniary sense, however, were found to be unprofitable; and as rent and taxes were to be paid, and goods sold with sufficient despatch to be kept from spoiling, the co-operative shops had to be shut up, except in a few cases where, as joint stock concerns, they became very successful.

<sup>1</sup> Registrar's Return, 1890.

• ‘The great difficulty with the first stores was to bring custom, and failing in this, they broke down. In Rochdale, however, they said to the public, “Invest in the trading capital here, and you shall have 5% on your money . . . . In the next place, whatever remains as profit, after paying interest on capital, will be divided as bonus on the amount of money spent in the store by each member.” The advantages of this proposal soon began to make themselves apparent. . . . Custom was necessary as capital for the production of profit: and in contributing this all-important element,’ the members ‘almost necessarily differed from each other. The family income made a difference; the number in the family made an important difference. In fact, a poor workman with a large family was a far more profitable customer than a well-paid artisan with a small one. These poorer men, therefore, the most difficult to move, because usually the most encumbered by debt, were the most directly appealed to by the new plan. There was no interest in buying inferior articles and selling them at high prices, no temptation to adulterate anything sold, no inducement to give short weight or measure, inasmuch as anything taken from the consumer by fraud would go back to him again as increased bonus. . . . Faithfully carried out by the shrewd and strong-backed working men of Lancashire, these methods of business had marvellous results<sup>1</sup>.’

A great obstacle to co-operation, not mentioned by Jones and Ludlow, was the truck system; which, although it is now an illegal institution, is still prevalent in veiled or secret forms in some parts of the country. One does not usually go to novels for statements of facts; but I am induced to do so in this case, because Benjamin Disraeli has given in one of his novels, in 1845, a very graphic description of a truck shop, which is generally accepted as accurate; while the author, in a preliminary note, expressly declares that his sketches of the condition of the people have been

‘written from his own observation; but while he hopes he has alleged nothing which is not true, he has found the absolute necessity of suppressing much that is genuine. For so little do

<sup>1</sup> *Progress of the Working Classes*, pp. 132-135.

we know of the state of our own country, that the air of improbability which the whole truth would inevitably throw over these pages might deter some from their perusal.'

In the description given by Disraeli, the truck shop is opened at irregular hours. The women and children get there a long time in advance, in the hope of securing a good turn; but these hopes are in some cases shattered through the capricious action of the storekeeper, although the people may have been waiting for hours in the snow or in a heavy rain. The people are compelled to deal at the truck shop owned by their employers, or lose their employment. Cheese is sold at 6*d.* a pound such as is sold in the market town at 4*d.* Butter is short weight by 2 ozs. in the pound. Children are made ill through eating bread adulterated with 'white clay.' Beef is increased in weight by having pieces of bone 'chopped in' to it. If a customer complains of the bacon being too fat, she is given, and compelled to take, a still fatter piece, which is also 'rusty.' Others are compelled to take tea whether they want it or not, and another has to take some arrowroot, by way of punishment, for bringing her baby with her to the shop. Prices are charged to one customer at a higher rate than another, out of pure spite or devilry. The 'tommy book' is made up anyhow; and often more is put in it than the customer owes. Women are cursed, and even struck, by the storekeeper; and men are discharged from their work if their wives have not spent enough money at the 'tommy shop'.

The growth of co-operation has also been hindered by the state of the law. For many years, co-operators were compelled to rely on the unswerving morality of the members of their societies; since any one of them could, in the then state of the law, have robbed his fellow members with impunity. This defective legal status has been improved by degrees; but only after great efforts on the

<sup>1</sup> *Sybil*, Author's advertisement and chap. iii.

part of co-operators, and their parliamentary and legal friends. The 9 & 10 Vic., July 5, 1846,

'afforded the first legal protection to co-operative bodies; the so-called "frugal investment" clause allowing Friendly Societies to be formed under certain restrictions, "for the frugal investment of the savings of the members, for better enabling them to purchase food, firing, clothes, or other necessities, or the tools or other implements of their trade or calling, or to provide for the education of their children or kindred"<sup>1</sup>.'

By the combined efforts of the co-operators and the Christian Socialists, backed by Mr. John Stuart Mill and Mr. Slaney, the first Industrial and Provident Societies Act was passed in 1852. This Act

'authorized the formation of Societies by the voluntary subscription of the members, for attaining any purpose, or object, for the time being permitted by the laws in force in respect to Friendly Societies, or by that Act, by carrying on or exercising in common any labours, trades, or handicrafts, except the working of mines, minerals, or quarries, beyond the limits of the United Kingdom of Great Britain and Ireland, and the business of banking.' By this Act, 'Industrial and Provident Societies, while allowed to carry on trade as general dealers, obtained all the advantages given to Friendly Societies, in regard to the vesting of their funds, without conveyance, in their trustees for the time being; and protection against fraud by their officers: whence the Corn Mill Society of Rochdale dissolved itself in order to be enrolled under the new Act, that it might recover debts due to it.'

But societies could not

'hire or purchase land, beyond any room or premises for the purpose of holding the meetings of the society, or any branch, or for the transaction of any business relating thereto. In 1855, the position of Industrial and Provident Societies in this respect was slightly amended, in common with that of Friendly Societies generally, by the 18 & 19 Vic. c. 63, which permitted land to be purchased or hired for these purposes to the extent of one acre. But, unfortunately, in another respect it was altered for the worse, namely, by the Frugal Investment clause, under

<sup>1</sup> *Progress of the Working Classes*, pp. 45-46.

which, as has been stated, societies were authorized, 'among other things, to provide for the education of their children, being struck out.'

This change in the law prevented societies

'formed after it was passed, and previous to 1862, following the excellent example of Rochdale in regard to the application of their profits, to establish news-rooms, libraries, and lectures, or other means of educating themselves <sup>1</sup>.'

In 1862, a new Industrial Societies Act was obtained, principally through the efforts of the Lancashire and Yorkshire Conference Association. Mr. Sotheron-Estcourt introduced the Bill into the House of Commons, remarking that when co-operative societies

'first obtained a legal existence, in 1852, the experiment was then an untried one, and Parliament was naturally cautious in the amount of power with which it chose to invest these newly created bodies. Moreover at that time Parliament had not yet sanctioned the principle of limited liability, but now, when limited liability had received the sanction of the legislature, he could not but hope that any little scruple or jealousy which might have existed in 1852 had been swept away long ago <sup>2</sup>.'

The new Act repealed all former enactments, so far as they affected co-operative societies. Any trade could be carried on except mining and banking; and the profits might be applied for any purpose allowed by the Friendly Societies Act, or otherwise permitted by law. The certificate of registration for the first time constituted

'the members a body corporate, having a perpetual succession, and a common seal, with power to hold land and buildings, under limited liability.'

A member could invest up to £200, this being double the amount allowed under previous Acts. For the first time also, societies could legally make re-investments of capital with other societies; although the power to do so

<sup>1</sup> Holyoake, *History of Co-operation*, vol. ii. pp. 56-58.

<sup>2</sup> *Co-operator*, vol. iii. p. 36.

was limited to £200 in any one society, as with an individual member<sup>1</sup>.

On the passing of this Act, the Lancashire and Yorkshire Conference Committee had a set of model rules drafted by Mr. E. V. Neale, so that both existing societies and new ones in course of formation could have the full benefits quickly and easily secured to them. As this Act was the real Magna Charta of co-operation, conferring, as it did, limited liability on the societies, it may be of interest to note the extent to which co-operation had grown up to that date. According to Mr. Estcourt, speaking in 1862, there were then 150 societies, with 48,184 members, owning a capital of £336,290, and doing a business which, in the course of the previous year, 'amounted to the extraordinary and almost incredible sum of £1,512,117<sup>2</sup>.'

An amending Act, passed in 1867,

'brought the working of mines and quarries within the authorized purposes of an Industrial and Provident Society, empowered any one society to invest money in the capital of another, and sought—for it is difficult to say more—to give to them power to purchase and deal with land<sup>3</sup>.'

Another amending Act, passed on August 16, 1871, provided that 'the buying and selling of land shall be deemed to be a trade within the meaning of the Industrial and Provident Societies Act 1862,' and also gave societies full powers to erect cottages or other buildings, buy and sell them, &c., and advance moneys on mortgage or other securities. It also compelled lords of manors to admit societies' nominees to be copyholders, as trustees for the societies<sup>4</sup>.

In 1876, the Co-operative Union promoted a new Industrial and Provident Societies Bill, which repealed previous Acts, consolidated the existing law, and introduced new

<sup>1</sup> *Co-operator*, vol. iii. pp. 65, 36.

<sup>2</sup> *Ibid.*, vol. iii. pp. 49, 36.

<sup>3</sup> Co-operative Congress Report, 1870, p. 52.

<sup>4</sup> *Co-operative News*, vol. i. p. 3.

powers or provisions. The Bill became law on August 11, 1876. It allowed banking to be undertaken by Societies, and gave them power to receive or make loans without limitation of the amount<sup>1</sup>. Several additional Acts have been obtained since then for various purposes; the most important being the Companies Clauses Consolidation Act 1888, already alluded to. But the laws relating to co-operative societies are considered to be still defective; so a new Industrial and Provident Societies Bill has been prepared, which is to be placed before the 1893 Session of Parliament.

The Act of 1862 was promoted by the co-operators principally for the purpose of facilitating the formation of a Co-operative Wholesale Society, which was very much desired, as, without it, the possible extension of co-operative effort was limited within a very narrow circumference. This Wholesale Society was registered in August 1863, and commenced business 'in March 1864, in a small warehouse in Cooper-street, Manchester,' whence it removed to another in Cannon-street, and afterwards, in June 1865<sup>2</sup>, to a larger, but still very small warehouse, in Dantzic-street, for which it paid the moderate rent of £60 a year. The society's constitution excluded individual shareholders, and admitted only co-operative societies to that privilege. Each shareholding society had to hold,

'in its own name, one share for each of its members, increasing them annually, according to their return to the Registrar of Friendly Societies.'

The shares were 5s. each, transferable; and, to quote from Co-operative Congress Report,

'may, where a member desires it, be paid up at once. One shilling per share is the only call yet made, or contemplated. Interest at 5 % per ann. is allowed, and, along with dividend on purchases, is retained until the shares are fully paid. The accounts are balanced quarterly' (for a couple of years, at

<sup>1</sup> Digest of Industrial and Provident Societies Act of 1876, by E. V. Neale.

<sup>2</sup> Co-operative Congress Report, 1869, p. 40.



the outset, they were balanced half-yearly), and the 'profits ascertained and credited to each store in proportion to the amount of its purchases<sup>1</sup>.'

Although the Wholesale Society was thus formed under the legal protection afforded by the Act of 1862, it had to be worked illegally for several years to the extent of accepting share capital from societies beyond the £200 limit fixed by the law. For instance, under the rules of the Society, the Rochdale Pioneers Society, with its then number of members, was obliged to take shares to the value of £875, and had also to contract to continue to take shares for all the additional members it might have in the future. By the operation of this rule the value of the shares held by the Pioneers in 1892 was £15,000<sup>2</sup>.

At the first general meeting of the society, held on November 21, 1863, it was reported that

'as the society could not deal in every article, nor a single buyer efficiently purchase everything, the committee had made the following selection of goods to be dealt in at the outset:—Sugar, fruits, spices, rice, sago, soap, candles, treacle, tea, and coffee<sup>3</sup>.'

The first report and balance-sheet of the Wholesale Society was for the period ending April 30, 1864. In this report the committee said:—

'At the various conferences which have been held in Lancashire during the past four years, the question of wholesale buying was constantly pressed upon the attention of the assembly by numerous delegates, until it was found necessary to convene a conference specially for the discussion of the subject. At this conference, almost all the societies in the north of England were represented, and the deliberations resulted in an almost unanimous decision to form this society. The object sought to be attained was to bring the producer and consumer into more immediate contact, and thus enhance the profits of co-operation by diminishing the cost of distribution. This, we believe, can be done with the least possible risk, by aggregating the pur-

<sup>1</sup> Co-operative Congress Report, 1869, p. 40.

<sup>2</sup> Wholesale Society's Balance Sheet, Sept. 1892.

<sup>3</sup> *Co-operator*, vol. iv. p. 129.

chases of the whole, or part, of the societies in the north of England, and buying the commodities required, with ready money, in quantities sufficiently large to command the best markets. By securing societies against imposition, in the days of their infancy and inexperience, and enabling them to purchase on more advantageous terms than the largest societies have hitherto done, we shall ensure the healthy extension and consolidation of our movement.'

This first balance-sheet showed that exactly fifty societies had become shareholders with a paid-up capital of £999; while fifty-four societies had made purchases to the amount of £5,962. With four exceptions, all the societies were located in either Lancashire or Yorkshire.

The successful establishment of the Wholesale Society at Manchester caused the Scottish co-operators, in 1868, to move in the same direction. The *Scottish Co-operator* told its readers that

'the Scottish Wholesale Society will commence business with advantages which the North of England had not; for in a truly co-operative spirit and unselfish disinterestedness, the directors of "The North of England Society" have kindly offered to instruct us, by giving us the benefit of their experience in management and in buying; a boon, the value of which no true estimate can be formed, and which ought to produce among societies an amount of faith in the working out of our proposed society, sufficient to make its inauguration a successful reality<sup>1</sup>.'

The Scottish Co-operative Wholesale Society commenced business in September, 1868. The objects sought were asserted to be

'to enable the retail stores to buy the best commodities at the lowest price, and with the least trouble. To guard, as far as possible, against adulteration, and other frauds. To increase the strength of the co-operative movement by means of a federation of stores for commercial purposes; and to secure the wholesale as well as the retail profit<sup>2</sup>.'

The first balance-sheet was for the quarter ending Dec. 7,

<sup>1</sup> *Co-operator*, vol. viii. p. 347.

<sup>2</sup> *Ibid.*, vol. ix. p. 22.

1868; and it showed the share capital paid up to be £1,795, and the sales for thirteen weeks to be £9,697.

The constitutions of both societies are very similar, but are not quite identical. Both have been subjected to repeated alterations to meet changing circumstances; but all the alterations have left both societies with substantially the same constitution in conception as when they were started. The same 1s. per share is still the only payment required from a new shareholder; and the same method of retaining profits to pay up the subscribed shares is still in operation. But, to meet the need of the extended businesses, the shareholding qualification has been trebled, i.e. each society is required to hold fifteen shillings' worth of share capital for each of its members. It may be well to mention that shareholding societies have voting power in proportion to size; but the Scottish Wholesale Society also gives votes to its shareholders in proportion to their purchases; and, at its December, 1892, general meeting, it altered its rules, so as to enable it to give voting power at the meetings to the workers, *as workers*, in addition to giving them a share of the profits in proportion to wages. In these respects it differs from the English Wholesale Society<sup>1</sup>.

The balance-sheet of the Co-operative Wholesale Society for the quarter ending September, 1892, showed sales for that quarter amounting to £2,379,334. Its share capital was then £517,045; its loan capital was £1,246,475; and its reserved funds were £303,596. The number of members belonging to its shareholding societies was 821,600. The society has numerous branches and depots spread over England and Ireland, besides branches and depots in the United States, Germany, Denmark and France; and its representatives make journeys over both continents in search of the best sources from which to supply its members. During the quarter ending September 1892, the value of the

<sup>1</sup> For more details of these wholesale societies, see Acland and Jones, *Working Men Co-operators*.

society's direct importations of foreign produce and manufactures amounted to £715,804; and the original idea with which the society started, of bringing the producer and the consumer into close relation, has been realized in many instances, with marvellous exactitude. The monks and nuns of Greece sell direct to the Wholesale Society's buyer, on his annual visit, the currants they have grown on the estates they hold in common. The co-operative creameries of Ireland, Schleswig-Holstein, and Denmark, belonging to the farmers of those countries, sell their products direct to the Wholesale Society's buyers located there; and the co-operative cheese factories of New England and Canada do the same.

During the same September quarter, the Co-operative Wholesale Society bought from co-operative productive societies in Great Britain goods to the value of £34,559; while it produced in its own workshops goods to the value of £221,032; without reckoning a number of subsidiary manufactures of which separate accounts are not kept. A fleet of six steamers, and a banking department, still in its infancy, but having a quarterly turnover of £4,000,000, complete the list of the Wholesale Society's business enterprises in 1892. The number of persons employed by it is over five thousand.

The Scottish Co-operative Wholesale Society has made similar growth. Its balance-sheet for June quarter, 1892, showed sales for that quarter amounting to £757,937. The number of members belonging to its shareholders was 136,911. The paid-up share capital of the society was £99,163; the loans were £551,132; and the reserved funds amounted to £71,286. The value of goods produced in its own factories during the quarter was £58,959.

The Scottish Wholesale Society has a number of branches spread over Scotland, and one branch in Ireland. It has a working arrangement with the English Wholesale Society for a share of the use and control of the Irish and foreign branches of the latter society; and in a similar way it has

a share of the use and control of the tea, coffee and cocoa departments and works, in London, belonging to the English Wholesale Society. For all such purposes the two Societies work together in the same disinterested spirit, for the sake of the common good of co-operators, as was manifested at the formation of the Scottish Wholesale Society.

In his evidence before the Royal Commission on Labour, Mr. Mitchell, besides submitting statistics of the retail and wholesale societies which have been referred to, submitted figures showing that there were then 150 co-operative productive societies, possessing 25,217 members, owning a capital of £968,508, and reserve funds amounting to £47,208. The sales of these productive societies for 1891 amounted to £2,522,385, on which profits were realized amounting to £138,664. Mr. Mitchell further gave the grand total of co-operative results, under the Industrial and Provident Societies Acts, for the year 1891, viz. 1,624 societies, with 1,191,369 members, £13,258,482 of share capital, £3,053,573 of loans, and £730,049 of reserve funds. The total sales of these societies for the year were £48,571,786; and the net profits, after paying interest on capital were £4,774,030<sup>1</sup>. Comparing these figures with those submitted to the House of Commons in 1862 by Mr. Sotheron-Estcourt, it will be seen that in thirty years the number of societies has multiplied ten times; the number of members has multiplied twenty-five times; the amount of capital has multiplied forty-eight times; the annual sales have multiplied thirty-two times; and, though Mr. Estcourt did not mention the amount of profits then made by the societies, if we may judge by those quoted in the Registrar's Return, as made in 1862, the annual profits have multiplied forty-four times.

The benefits derived from co-operation by the working classes are not confined to the profits annually made by

<sup>1</sup> Minutes of Evidence, Labour Commission, Oct. 25, 1892, p. 8.

the societies. The four witnesses before the Labour Commission all concurred in asserting that co-operative employes are paid the highest rate of wages in their respective trades. Mr. Mitchell further said that the co-operative system 'conduces to more settled employment by means of greater continuity of work and less fluctuation in the amount of wages earned,' through having 'an organized market for our productions.' In manufacturing for 'season trades,' the co-operators, he said, make every effort to ensure continued employment 'by anticipating the demand and working for stock;' and co-operators set their faces 'against anything in the nature of cheapness, if it is produced by anything like sweating<sup>1</sup>.' Mr. Greenwood testified that co-operators consumed a better class of article than was customary among working men, and speaking of the employes of the Hebden Bridge Fustian Society, said, 'We are able to keep them going to the extent of 20 % better in their wages than our neighbouring employers can<sup>2</sup>.' Mr. Maxwell referred to the intellectual and moral stimulus of co-operation, and speaking of co-operative employes in Scotland, said,

'the men seem to appreciate the conditions of our employment very much, the continuity of employment having much to do with the pleasant relationship that exists. Nowhere in Scotland can they secure such constant work'; and 'the knowledge that the directors are drawn from their own class, and that the directors' policy is constantly under review of the delegates' meetings, the privilege of attending which being within the reach of our workers who are members of societies, gives the workers a feeling of security which is absent in private employment<sup>3</sup>.'

The fourth witness, Mr. Hardern, speaking of the district in which he lived, said,

'he did not know of any industrial town in the United Kingdom where the people are more thrifty and more independent than

<sup>1</sup> Minutes of Evidence, Labour Commission, Oct. 25, 1892, pp. 13, 14, and 31.

<sup>2</sup> Ibid., Oct. 26, 1892, p. 72.

<sup>3</sup> Ibid., Oct. 25, 1892, p. 37.

in the town of Oldham. They are well paid, well fed, well clothed, and well housed'; and, he added, 'I am quite sure that this superior state of things is attributable to nothing so much as to the co-operative spirit of the people<sup>1</sup>.'

As each member of a co-operative society generally represents a family, and a family averages five persons, the number of co-operators is now about one-sixth of the total population of the three kingdoms. This is a fairly good approach towards the realization of John Stuart Mill's famous prophecy, made about 1865, which thoughtful co-operators firmly believe will be ultimately fulfilled:—

'Eventually, and in perhaps a less remote future than may be supposed, we may, through the co-operative principle, see our way to a change in society, which would combine the freedom and independence of the individual, with the moral, intellectual, and economical advantages of aggregate production; and which, without violence or spoliation, or even any sudden disturbance of existing habits and expectations, would realize, at least, in the industrial department, the best aspirations of the democratic spirit, by putting an end to the division of society into the industrious and the idle, and effacing all social distinctions but those fairly earned by personal services and exertions<sup>2</sup>.'

Reference has been made to the services of the Lancashire and Yorkshire Co-operative Conference Association in promoting beneficial changes in the law, and in originating the Co-operative Wholesale Society. This Conference Association was the forerunner of the Co-operative Union which was started at a National Congress held in London in 1869, and into which the Association was absorbed. The objects of the Union are stated in its rules to be

'to promote the practice of truthfulness, justice, and economy, in production and exchange: (1) By the abolition of all false dealing, either (a) *direct*, by representing any article produced or sold to be other than what it is known to the vendor to be; or (b) *indirect*, by concealing from the purchaser any fact known to the vendor, material to be known by the purchaser to enable

<sup>1</sup> Minutes of Evidence, Labour Commission, Oct. 26, 1892, p. 76.

<sup>2</sup> *Principles of Political Economy*, People's Edition, p. 476.

him to judge of the value of the article purchased. (2) By conciliating the conflicting interests of the capitalist, the worker, and the purchaser through an equitable division among them of the fund commonly known as profit. (3) By preventing the waste of labour now caused by unregulated competition.'

No individuals are allowed to become members; and 'every association is asked to subscribe  $\frac{1}{2}d.$  per member per quarter to the funds of the Union. The constitution has been repeatedly altered so as to better adapt it to the requirements of the members,' and in 1892, the principal features were as follows:—The Union is registered under the Industrial and Provident Societies Act. It is governed by a United Board, composed of representatives from each of seven sections into which the three kingdoms are divided, viz. the Irish, Scottish, Northern, North-western, Midland, Southern, and Western. Each of these sections is governed by a separate board, elected by the societies within the sectional district, in such manner as may be agreed upon by them. The sectional boards are independent on matters of detail and routine administration; but are subject to the control of the United Board in general matters and on financial questions. The members of the whole of the sectional boards meet together, as a Central Co-operative Board, at the beginning and end of each co-operative year; and as such they have supreme administrative authority, subject to the control of the Annual Congress. Each section is divided into conference districts, governed by a district committee, but subject to the sectional board. Altogether there are fifty-nine of these districts. The whole of the district committees and sectional boards give their services gratuitously; the only paid employes being the general secretary at the head office in Manchester, with a staff of four or five persons; and the secretary of the Scottish section, who devotes the whole of his time to the duties of his office. The number of unpaid officers connected with this organization is about seven hundred.

The business of the members of these boards and com-



mittees is to hold conferences of delegates from societies to discuss the principles of co-operation and the best methods of applying them ; to hold public meetings for enlisting new recruits, either to swell the ranks of the existing societies, or to be utilized in the formation of new ones ; to give advice and encouragement to societies where needed, and to defend them against hostile attacks.

The United Board has three sub-committees, (*a*) for directing the educational work of the movement ; (*b*) for promoting co-operative production ; and (*c*) for Parliamentary purposes. In 1891 the Union gave away 515,502 copies of leaflets, tracts, pamphlets and books on co-operation ; and in addition, sold 133,354 copies<sup>1</sup>. In 1871 it promoted and registered a Co-operative Newspaper Society, which started out with the fixed purpose of devoting all profits over 5 % per ann. to the improvement of the weekly newspaper it was established to bring out. This paper, the *Co-operative News*, had, in 1892, a circulation of 40,000 per week, and is exclusively devoted to the support of co-operation. Some day the society may launch out into the production of a general daily newspaper for the use of co-operators, and produce other periodical literature in addition. The scope of the Parliamentary Committee is very wide, and was described by Mr. Frank Hardern to the Labour Commission as being

‘much for the same purpose as the Parliamentary Committee of the Trades Unions, with this difference, that whilst the Parliamentary committee of the Trades Unions, in all probability, devotes itself more particularly, perhaps confines itself entirely to rendering assistance to, and promoting, bills in Parliament having for their object the benefit of the various workers in the trades of the country, we, as a Parliamentary Committee of the Co-operative Union, would in many instances be prepared to assist measures promoted by other bodies. We also have before us, and are interested in the promotion, development, and improvement of a number of measures calculated to benefit and to protect the working classes of the United Kingdom. For

<sup>1</sup> Co-operative Congress Report, 1892, p. 62.

instance, we have under consideration at the present time the following measures, viz. :—(a) The improvement of the Factory and Workshops Act, so as to do away with the cursed system known as sweating. (b) The purchase of leasehold enfranchisements. (c) The discontinuance of property qualifications in the election of public bodies. (d) The improvement of the sale of patent medicines. (e) The Food and Drugs Act. (f) The amendment to the Industrial and Provident Societies Act; and various other measures having for their object the bettering of the conditions of the working classes of the country<sup>1</sup>.

Among these 'other measures,' which at the time of writing were engaging the attention of the Co-operative Parliamentary Committee, were pressing the government to make systematic provision for the education of the people in the duties of citizenship; and, to take steps for 'increasing the efficiency and extending the action of the Labour Bureau<sup>2</sup>.'

The annual expenditure of the Co-operative Union is over £5,000; and it is mainly incurred in defraying the cost of travelling, postage, and printing. This sum is contributed by societies having a total of 907,483 members<sup>3</sup>.

Since 1869 a National Co-operative Congress has been held yearly. It has had for its presidents, sometimes a leading statesman; at other times a prominent economist; and at other times a veteran co-operator. The president has invariably given an address calculated to improve the economic knowledge of the co-operators; and sometimes a phrase has gone right home, which has given a decided stimulus, lasting for years, if not permanent in its effects, in the direction indicated by the speaker. Such for instance was the remark, still bearing fruit, made by Professor Stuart at Gloucester in 1879, that 'education is desirable for all mankind, but it is the life's necessity for co-operators'; and the remark made by Lord Rosebery at the Glasgow Congress in 1890, which is more appreciated now than

<sup>1</sup> Minutes of Evidence, Labour Commission, Oct. 26, 1892, p. 79.

<sup>2</sup> *Co-operative News*, vol. xxiii. pp. 1416 and 1418.

<sup>3</sup> Co-operative Congress Report, 1892, p. 185.

when it was first uttered, that 'the great principle of the union of interests which guides that movement, in my opinion, constitutes nothing less than a state within a state<sup>1</sup>.' Many co-operators go farther, and say that this 'great principle' embraces all within the state, and also the state itself.

The subjects discussed by the Congresses have been exceedingly fruitful in stimulating progress, and generally speaking, the assembled delegates, to the number of 600 or 700, have been able to see eye to eye without very much friction or contention. It is, indeed, scarcely possible to speak too highly of the patience and perseverance with which co-operators have considered, examined, discussed, and experimented; the result being sometimes to accept, sometimes to modify, and sometimes to reject altogether, the propositions or theories submitted to them. On the question of co-operative distribution, there is practical unanimity; but on the question of co-operative production there is a diversity of opinion, which, at times, has expressed itself so violently as to materially retard co-operative progress. Of course, this is what may reasonably be expected; for propagandists are, as a rule, very much in earnest, and very strong in their convictions; and consequently, unless all of them have a perfect comprehension of the fact that the essence of democracy lies in submission to the will of the majority, friction will exist. It will only be when there is a universal acceptance and practice of the fundamental axiom of co-operators, viz. the democratic association of all for the equitable promotion of each other's well-being and happiness, that we can hope to see this friction eliminated.

<sup>1</sup> Co-operative Congress Report, 1879, p. 7, and 1890, p. 6.

## CHAPTER II.

### THE REASON WHY.

IF co-operation is to be as rich in benefits to working people as its advocates have always expected it to be, it must be successfully and universally applied to the production and manufacture of all the commodities that are used or consumed by the human race. But the discovery of the best method of organizing their productive efforts is the most difficult problem with which co-operators have had to grapple ; and, unfortunately, the discussions of the subject at congresses and conferences have been more fruitful in producing stormy scenes between supporters of different methods, than they have been successful in inducing a general recognition of practical pathways.

The conflicts which have so often been witnessed have usually been between bodies of men who were equally honest, and equally desirous of doing what was right ; yet the contending parties were firmly convinced that their opponents were entirely in the wrong. Honest people can only get into this condition when both sides see some of the truth ; while one side, at least, does not see the whole. The effect of looking at a portion of the truth, and at different portions by different people, is somewhat similar to that produced on visitors to a strange city, if they happen to walk along a street from opposite directions. They obtain different views of the same buildings ; get impressed with distinct, but different details of street architecture ; even look at opposite sides of the same signboards ; and if they afterwards meet,

and compare notes, they scarcely can believe that they have been in the same street, and would not do so, save that they both recollect its name.

One of my correspondents urges that there is reason for the reluctance or objection that is shown to following the counsels of some co-operators, because their utterances at different periods seem uncertain, and sometimes even inconsistent; at other times they appear to be inaccurate; and he thinks their deficiency in argumentative force is often made up for by the strength of their invective. Thus a president of Congress likened the co-operative consuming body to 'a donkey that wouldn't go<sup>1</sup>.' But a preface to a current Central Board tract tells us of a visit paid, some years ago, by two representatives of the Lancashire co-operative consumers to the London section of the Central Board, of which the above-named president was a member; and the writer, who was also a member of that Board, describes how the two came 'to inquire what we understood by co-operation.' We deferred our answer, 'and Mr. ——— shook his head at us, and I am afraid that, when he got into King-street, he shook the dust off his Lancashire feet at us, as men who did not know what to say, or who had not made up our minds when to say it<sup>2</sup>.'

Again, about two years ago, an ex-president of Congress claiming all the profits of a certain co-operative workshop, after paying interest on capital at the rate of 5 % per ann. or under, for the sole use of the workers, declared that 'co-operators sell the workman to the lifelong crucifixion of unrequited labour for three-eighths of a penny<sup>3</sup>.' But, in a tract selected for publication in the bound volumes of the Central Board, the same person advocated the claims of the people denounced so vehemently. Here he called them the 'poor consumer,' and, speaking of himself, said:

'Let co-operation declare what it means, and anathematise

<sup>1</sup> Congress Report, 1888, p. 5.

<sup>2</sup> *Logic of Co-operation*, p. 5.

<sup>3</sup> Congress Report, 1888, p. 90.

no one. Let individuals produce, if they will, and I will buy of them until some productive society takes the consumer into partnership, and then I would sleep all night on their door-mat in order to be first in the morning to give them an order<sup>1</sup>.

In a subsequent tract, published in the same volume, he quoted as follows from the writings of another ex-president who has now gone to his rest, for the purpose of controverting the accuracy of the opinion expressed therein:—

‘A fanciful project was introduced at Newcastle for the purpose of sharing profits with ordinary purchasers. . . . This, though right enough in distribution, would be a thorough blunder in production, as there would be no equivalent advantage for such a needless dispersion of the profits of business<sup>2</sup>.’

In addition to controverting the above opinion, he asserted that while ‘twelve months ago he (the consumer) was regarded as an alien in co-operation, already “capital, labour, and trade” are spoken of at the Newcastle Congress as the three possible factors of co-operative enterprise<sup>3</sup>.’

The difficulty of reconciling the spirit and opinions expressed in these quotations is more than can be overcome. Possibly in the first-quoted reference to Judas, enthusiasm for the moment outweighed discretion, and caused more to be said than was intended. But, whether this was so or not, it must be a source of stumbling to the truth-seeker when he is confronted by these contradictions. Two other brief quotations will close my series of illustrations. In the cold atmosphere of a Central Board meeting, an ex-president of Congress declared that ‘corn mills were not productive societies in the sense in which co-operators generally used the term<sup>4</sup>,’ and another publicly declared at a co-operative meeting that ‘there is not an official shop in our movement on which the sun of honest profit-sharing shines.’ If corn mills are not productive institutions, it is

<sup>1</sup> *Logic of Co operation*, p. 15.

<sup>2</sup> *Commercial Co-operation*, p. 14.

<sup>3</sup> Preface to *Commercial Co-operation*.

<sup>4</sup> *Co-operative News*, 1882, p. 348.

<sup>5</sup> Congress Report, 1887, p. 87.

difficult, if not impossible, to define what can be classed under that term ; and if we have not yet one honest system of profit-sharing, what becomes of the praise that has been lavished on some associations? what is the honest form that has yet to be adopted? and who is to decide as to its honesty—those who are asked to adopt it, or those who may offer the plan for adoption?

However much we may respect and revere veteran advocates, it is quite contrary to the spirit engendered by co-operative training to calmly and unquestionably receive, and act upon, contradictory precepts or instruction, however famous the teachers may be for their services to, or their zeal in the cause. Implicit and unquestioning obedience to the authority of elders is not consistent with co-operative principles and practice. Co-operation is democratic; and the authority of its leaders can only be established, maintained, and justified, through the wisdom which is made manifest in their words and actions to their followers.

Another important reason has been suggested why certain methods of co-operative production have sometimes secured few supporters. It is, that most co-operators are not content with words, they desire to see action. Consciously, or unconsciously, they apply the maxim of the Quaker, and are always mentally asking the question, 'How *much* do they sympathize?' If a man advocates a certain line of action, if he is continually urging his fellow co-operators to take it, it is immediately asked, 'Is he taking it himself?' If they find that he is doing so only in a perfunctory sort of manner, such as taking up a £1 share, 'to encourage them,' they refrain from touching what a principal advocate seems afraid to try. They object to being the instruments for pulling the chestnuts out of the fire, and are altogether indifferent to the scolding that is administered to them for being so reluctant to burn their fingers. Thus, as long as the advocate will help forward the cause by the wind of his voice only, while he expects the more substantial assistance afforded by pounds, shillings, and pence to be supplied by

others, it is no wonder that progress is slow, uncertain, and not all that could be desired. But if the advocates are whole-hearted, if they put their capital into the suggested scheme to the extent that pure-souled, earnest men will do, when they thoroughly believe in the truth and the chances of success of the cause they are supporting, then men will follow their lead, men will imitate the noble example that is set to them; the cause is as good as won, and victory is almost certain. If, however, by a concurrence of unfavourable circumstances, failure should unfortunately ensue, men would regret it; but at the same time they would respect those who had made the attempt. They would feel that there had been an honest trial, because the substantial proofs of faith had been supplied abundantly; and they would look upon the defeated as heroes in the service of truth and humanity.

At different times, it has been suggested that good would result from a careful investigation into the causes of the failures and successes of productive societies. It has been thought that the fight which would thus be thrown on a very difficult subject would have a tendency to reconcile many conflicting opinions; would show how the apparently different and diverse aspects of the same truth were consistently joined and symmetrically fitted together; and so probably enable us to make more rapid progress. What is needed has been well put by one of our veterans, in an article on 'The Co-operative Ideal.' He said,

'If discussion is to produce useful results, it is well that those who differ should endeavour to make out, as clearly as they can, how far they agree, where their difference commences, and in what it essentially consists. Does the difference relate to the ends to be followed, or only to the means to effect the end? Does it concern "what," or "why," or "how"?'<sup>1</sup>

I have had repeated requests to undertake this investigation, but hitherto I have shrunk from doing it. As,

<sup>1</sup> *Co-operative News*, 1876, p. 202.



however, no one else seems ready to take the work in hand, I have now ventured to make the attempt ; and I am stimulated to do so by the feeling that I have had many exceptional opportunities of learning from all sides. Besides, unless the attempt is made quickly, numbers of those engaged in the various productive enterprises of the past will have gone from amongst us, without having left, as a legacy, their valuable experiences to guide the footsteps of succeeding generations. I am inclined to hope that co-operators generally will approve of the effort, however imperfect it may be ; because, in response to applications by me to past and present workers, I have, in almost every instance, met with a very great willingness to supply information. If the effort does not give satisfaction, it can become the basis, or starting-point, for another, that may be made by some more competent person ; and if this is the only result, it will be one that will repay me for my labour.

## CHAPTER III.

### A STARTING POINT.

PROFESSOR MARSHALL, in his inaugural address at Ipswich, reminded us that 'the co-operative productive society in its rudimentary form is a product of all ages and all races and all places, and the independent productive societies which we find now scattered over the whole of Great Britain are representatives of a very ancient race. In a few cases, as for instance in some local institutions connected with quarrying and with fishing, they have an unbroken descent from remote antiquity till now<sup>1</sup>.' In giving this reminder, Mr. Marshall has done good service; for, among a portion of the co-operative body, as well as among the public generally, there has been a tendency to look upon co-operation as a new thing that had its origin some forty or fifty years ago; while the truth seems to be that co-operation has always been a means for the more or less conscious endeavours of the people to preserve, or recover, their rights in the state of dependence which is entailed by the system of division of labour, and the necessary adjunct of exchange of products. The benefits of the system more than compensated for the loss of liberty sustained when the state of individual isolation was destroyed; but there have always been efforts to secure the advantages of both states, while eliminating their disadvantages; and this is really what is meant, and what is aimed at, by co-operation.

In Carlyle's *Letters and Speeches of Oliver Cromwell*, a book that no one would have expected to contain informa-

<sup>1</sup> Co-operative Congress Report, 1888, pp. 5, 6.

tion on this subject, there is a brief but very interesting account of a body of men, who in 1649 had associated together on terms of perfect equity and charity at St. George's Hill, near Cobham, Surrey; and of another group at St. Margaret's Hill, in the same district. These people held—and they were not far from the truth—

'That all the liberties of the people were lost by the coming in of William the Conqueror; and that ever since, the people of God had lived under tyranny and oppression worse than that of our forefathers in Egypt. . . . Their intention is to restore the creation to its former condition. That as God had promised to make the barren land fruitful, so now what they did was to restore the ancient community of enjoying the fruits of the earth, and to distribute the benefits thereof to the poor and needy, and to feed the hungry and clothe the naked. That they intended not to meddle with any man's property, but only to meddle with what is common and untilled, and to make it fruitful for the use of man. That the time will suddenly be when all men shall willingly come in and give up their lands and estates, and submit to this community. . . . And for all such as will come and work with them, they shall have meat, drink, and clothes<sup>1</sup>.' Carlyle says, 'These infatuated persons, beginning a new era in this headlong manner, on the chalk hills of Surrey, are laid hold of by certain justices, by the country people, and also by two troops of horse; and complain loudly of such treatment, appealing to all men whether it be fair.'

He does not tell us what was the end of the experiment, but judging from the action of the authorities, it is probable that it was summarily suppressed.

Coming down to within a hundred years of the present time, there is, in a tract published in 1799 by the Society for Bettering the Condition of the Poor, the following account of a co-operative corn mill that was in operation in the county of Kent:—

'In January, 1796, a parish windmill was erected by subscription on Barham Downs, very near the village of Barham. The subscribers were eight in number; the subscriptions £40

<sup>1</sup> *Cromwell's Letters*, part V, The Levellers.

each. The whole cost of the mill, which began work on April 5, 1796, and contains two pairs of stones, one for wheat and one for corn, was £336; the expenses of the scales and utensils of different kinds was £17; the whole together amounting to £353; being £33 more than the original sum subscribed. This surplus of expense was discharged out of the extra profits of the mill that was received between April 5, 1796, and January 1, 1797.

‘By an agreement between the subscribers it was settled that, after the payment of the miller’s wages, the repairs of the mill, and other necessary expenses, together with interest at 5 % on the subscriptions, half of the surplus of the profits should be set apart as a fund towards discharging the moneys advanced until the same should be reduced to £150; the remainder of the surplus in the mean time, and ultimately the whole of it, being applied for the benefit of the labouring industrious poor of the parish of Barham, in such manner as the subscribers should think proper, it being their determined resolution not to appropriate any part of it to their own use.

‘The mill is already so far in profit as to give a fair prospect of producing a fund for discharging, by degrees, the greater part of the money originally subscribed, and for providing for the future expenses of the repairs of the mill, which will necessarily increase as it grows older. The miller attends constantly every day, as well for the purpose of grinding corn in small quantities, by preference for the poor, as of grinding for any of the farmers or neighbours. The fixed price for grinding at the mill is fourpence a bushel, with an allowance of half a pound only for waste, which is found to be sufficient: whereas the neighbouring millers used to charge sixpence a bushel for grinding, with a deduction of one pound a bushel for waste.

‘There is a fourteen-shilling cloth, to dress the flour for those who bring their own corn. People are sure of having their own corn returned to them, which is not generally the case in corn mills; and, if they please, they may stay and see it ground, and take it away with them. A bushel of corn takes in grinding about ten minutes. The consequence of these regulations is that the neighbours bring their corn, by preference, to this mill to grind.

‘The meal is sold to the poor of the parish of Barham, and of the four adjoining parishes, for ready money only, at a rate which is fixed once a week, according to the average price of wheat at Canterbury on the preceding Saturday. In fixing the

price, there is a profit reserved of two shillings and eightpence per quarter for grinding; the proprietors taking upon themselves the risk of the fluctuations of the market. This price has been, on an average, rather more than one shilling per bushel, or three halfpence a gallon cheaper than that of the neighbouring millers. It is sold to the poor at one halfpenny a gallon cheaper than the price at which it is sold to the tradesmen and farmers; but no meal is sold at the mill except the *whole meal*; the object of which is to hold out a prevalent inducement to make bread of the whole meal, without taking out the bran and coarse flour.

'No meal is sold but for ready money, everyone comes and fetches it away at his own expense. There is a general day for delivery of meal to the poor once a week. Upon that day a person attends from nine of the clock in the morning till twelve, on behalf of the subscribers, to see to the delivery of the meal and the payment of the money, and to cast up the books. The same person is employed to purchase the corn, and great care is taken that no wheat shall be purchased but what is of the very best quality: by which means the customers are sure of not having any musty or damaged wheat; a most material circumstance to the poor, who are too frequently obliged to take bad meal from the common millers.'

The contributor of the article went on to say that

'It may be right to observe that since the erection of this mill, the neighbouring millers have sold their flour much nearer to the price of wheat than they did formerly;'

and in a footnote he said that where millers take toll of the meal as payment for grinding, they take sometimes as high as one-tenth, and

'when it is recollected that the miller's toll is always taken from the best of the meal, and from the finer flour that is in the centre of the hopper, the value of that toll (during the late scarcity) cannot be less than 2s. 6d. a bushel. If, in addition to these circumstances, we advert to the fact that, during the scarcity of wheat, some millers purchased at half price foreign and damaged corn, which they mixed with English wheat, we shall have reason to believe that *five shillings a bushel* on grinding wheat is not more than may have been made, in some instances, during that period of scarcity.'

The society that published the foregoing account had the king for its patron, a bishop for its president, and three other bishops on the committee; and among the other members of the committee were ten peers, and ten members of the House of Commons, including the Speaker; while the remainder consisted of baronets, city merchants, mostly bearing names well known at the present time, and a few clergymen. It is, therefore, not likely that they would have allowed this very strong picture of the extortion of millers to have appeared if it had not been strictly true. The editor of the publication supplemented the article with some 'observations,' of which the following extract is the first portion:—

'The conversion of many corn mills into cotton mills, and for other purposes of manufactures, has enabled the millers in many parts of England to establish a monopoly in the most important article of life. How they have used the advantages which they have derived from the number of corn mills being diminished, and how much the poor have suffered by it, is too well known, and has been too deeply and generally felt to require any observation. By the preceding detail it appears that it is in the power of the other classes of society, with very little trouble and without any expense, to protect the poor against this very baneful monopoly; and to rescue them from the hands of persons who, to say the least, have not used their power with moderation. This is an object of very great importance, which may be immediately and effectually obtained by the erection of parish mills similar to that on Barham Downs.'

The above is worth noting for the light incidentally thrown upon the growth of English manufacturing industries; and it helps to explain the causes of the formation, at the beginning of this century, of a number of co-operative societies, some of which still remain with us in a more or less flourishing condition. Among those that were in existence in 1889 were the Hull Anti-Corn Mill, which was started in 1795; the Hull Subscription Mill, which was started in 1801; and the Devonport Union Mill, which was started in 1817<sup>1</sup>. Some details of the two former will be

<sup>1</sup> *Working-men Co-operators*, p. 23.

given later on. The Devonport Mill Society has for some years ceased to work a mill, and has confined itself to baking bread. In two letters to William Cooper, of Rochdale, in 1863, James Pound, of Devonport, gave the following details :—

‘In the year 1815, when there was such an outcry about China clay being mixed up with flour, the government men of this yard met, held meetings, and finally established the Union Mill Society.

‘When first they commenced, they had no mill, bakehouse, or shop; they rented a store to sell their bread, and were dependent on a baker. The bakers combined in opposition, and wrote to the Admiralty against them. However, they surmounted the difficulty. A venerable old member, now alive, and eighty-four years of age, who attends our meetings yet, mortgaged a house he had for £600, and with that amount, and a little which they borrowed, they bought the commodious premises we now occupy.

‘Though we have met with losses and with crosses, we are now 1,000 strong, with a granary and mill capable of holding 4,000 quarters of grain, and a water mill with a good supply of water. We are always 2*d.* per quartern loaf under the bakers. We lease the mill at Ivy Bridge for one thousand years. Each individual pound share is worth £3 18*s.*’<sup>1</sup>

Mr. Pound, in another communication, explained that they paid bonus in goods and not in cash. An inquiry, in 1889, elicited from a Plymouth friend the following further details :—

‘The Union Mill Society still have their flour mill<sup>1</sup> at Ivy Bridge; but they do not work this mill on their own account. It is valued in the assets of the society at £1,400, and is leased to a miller for a term of years. A fire occurred some years ago, by which the mill was destroyed. Consequently the society had to go into the open market to buy flour. During this period the profits were much better than when they worked their own mill; but as they were compelled by the terms of their lease to erect a new mill, after the fire, on the site of the old one, the members decided to continue the practice of buying,

<sup>1</sup> *The Co-operator*, vol. iv. pp. 72 and 87.

flour for their own use, and to let the mill to a miller; a course which has been followed ever since.

'The society is managed by a secretary, treasurer, store receiver, and committee, all appointed by the shareholders at quarterly meetings. Their business is carried on for cash. The bread is invariably sold at 1*d.* per eight-pound loaf less than the market price of the towns; and they sell to whoever chooses to purchase. They do not deliver bread by vans, so all customers have to go to the shop to make purchases and take the goods home themselves. The profit that is made is divided quarterly, in kind, varying from two to four or six quarters of flour, according to the amount of profit made. Any profit in addition to this is added to share capital in bulk, which is simply so much accumulated capital. No interest is paid on shares. The original value of shares was £1, but they are now bought and sold at £5 5*s.* The profit, distributed in kind, is given to shareholders only; and there are instances of shareholders who never purchase anything from the society, but receive regularly their quarterly dividend of two, four, or six quarters of flour. I am told that the old members won't listen to any suggestions for improvement in their organization.'

A number of this society's balance sheets have been lent to me. They show that the sales have declined from £3,800 in 1889 to £2,772 in 1891. The profits have been good, being £566 in 1889, £483 in 1890, and £343 in 1891. At the end of 1891 there were 602 members, and the society was worth £3,378, including share capital, more than it had liabilities, or about £5 10*s.* per member. The *Western Morning News* for December 3, 1892, reported that owing to

'the cheapened price of bread the business of the society has not been of late so profitably conducted as formerly; and the quarterly bonus of flour . . . to each member has not been received during a portion of the present year. This has created much discontent;' and at a special meeting held on December 8, 1892, it was decided 'by a large majority to close the business of the society on Saturday, December 31, 1892<sup>1</sup>.'

<sup>1</sup> *Western Morning News*, Dec. 18, 1892.



## CHAPTER IV.

### COMMUNITIES WANTED.

THE most favourite method up to within the last fifty years of applying, or proposing to apply, co-operative principles was that of co-operative communities. The idea, in one form or another, is of old standing ; and probably, in later times, was derived from the monastic system. During the last few years we have had a revival of the idea, in the shape of proposals to establish self-supporting home colonies for men who, though willing to work, cannot get employment. It is urged on their behalf, that 'any willing able-bodied adult can produce more than is required to feed, clothe, and shelter him, if he is allowed the opportunity of doing so,' and that the establishment of self-supporting communities, where the unemployed could be organized and set to work to supply each other's wants, would not only give the opportunity, but would take able-bodied honest people off the pauper list, without bringing them into competition with the general industrial world, where hitherto they have been worsted, and been unable to earn a living.

A similar project, but on a more extensive scale, was submitted to Parliament two hundred years ago (in 1689), and a work on *The Balance of Trade*, published in 1699, gave full details of the proposal. It also incidentally referred to previous propositions of a like character. The proposal was :—

'That a society should be incorporated by the name of the governor and company for maintaining and employing the poor

of this kingdom. . . . Three hundred thousand pounds may be judged a very good stock with which to start the company. . . . The subscription ought to be free to everybody. The corporation are to provide materials and labour for all that can work, and to make provision for them, not exceeding three-quarters as much as any other person would give for such labour. For example, if another person would give one of these a shilling, the corporation ought to give but ninepence. And the reason is plain. First, because the corporation will be obliged to maintain them and their families in all exigencies ; which others are not obliged to do ; and consequently they ought not to allow so much as others. Secondly, in case any persons, able to labour, shall come to the corporation, when their agents are not prepared with materials to employ them, by this proposal they are to allow them full provision as impotent poor, until they find them work ; which is entirely in favour of the poor. Thirdly, it is neither reasonable nor possible for the corporation to provide materials upon every occasion for such persons as shall be entered with them, unless they can be secure of such persons to work up those materials. Besides, without this provision, all the labouring population will play fast and loose with their employers<sup>1</sup>.

The reasons for the partiality manifested for communities in the earlier half of this century appear to be found in the state of transition through which the country was then passing, from a simple to a more complicated and elaborate industrial system. It is difficult at this date to imagine the condition of things prevailing in this country sixty to a hundred years ago. Before this, the body of the people practically supplied themselves with all they needed. Each village contained within itself the means of supplying the wants of its inhabitants, independently of the services of outside people ; and the small amount of commerce that was carried on was for the benefit of a few of the more wealthy of the nation. Edward Young, chief of the United States Labour Bureau, in an article on 'The Era of Machinery,' has summarised the position thus :—

'The inventions which distinguished the latter part of the

<sup>1</sup> *Balance of Trade*, p. 57, &c.

eighteenth century inaugurated a new era in productive industry. The new devices for spinning, already referred to, were used first in connexion with water-power; but it was not long before the steam-engine was brought into requisition to give them increased efficiency, and a wider sphere of operation. Once successfully applied to the moving of machinery, this great motor seemed to stimulate the inventive faculties of man to preternatural activity; and one labour-saving device was quickly followed by another, until a great proportion of all manufacturing industry was largely performed by the aid of machinery.

'This great change in the methods of production—a change which has progressed steadily from the latter part of the last century to the present time—was inaugurated in Great Britain, and it was there that the new system received its earliest and most signal development. Augmenting to a prodigious extent the aggregate product of labour—for as early as 1815, one person, aided by machinery, could produce as much as two hundred cottage spinners could have produced in 1760—it necessarily gave rise to a vast increase in the aggregate wealth of the community; and in this increase the working classes have undoubtedly shared to a considerable extent, though in a degree not at all comparable to that in which the wealthier classes have been benefited. Indeed, each new application of machinery was a source of temporary inconvenience (or even of severe distress) to the particular class of workman whose manual labour is superseded.

'But the most important bearing of the new methods of production upon the relations between labour and capital and the conditions of the working classes, grew out of the necessity which they created for associated industry, and for large establishments carried on by accumulated capital. Nowhere is this more forcibly illustrated than in the manufacture of textile fabrics, which from time immemorial had been in an eminent degree a household industry. The language of Wordsworth—

"Maids at the wheel, the weaver at his loom,  
Sat blithe and happy"—

would doubtless have answered almost equally well to describe an ancient Egyptian household in the era of the pyramids, or the occupation of an ordinary Lancashire family in the middle of the eighteenth century. Almost every farm-house and cottage in the manufacturing districts of England had its spinning-wheel—in many cases several—which furnished in-door occupation for women and children, while the men were engaged in

the labours of the field. . . . So great was the superiority of the new spinning machines, that the old-fashioned wheel was quickly banished from the field of competition, and spinning, as a household industry, was practically at an end. Weaving, however, still held its place, and was even stimulated to extraordinary activity by the rapid increase in the product of yarn which followed the inventions just referred to. In the manufacturing districts of Lancashire, barns and other outbuildings were quickly converted into loom-shops ; and when these no longer sufficed to meet the new demand, weavers' cottages, with loom-shops attached, arose on every side. The era, however, was one of rapid change, and ere long the power-loom, worked by water or steam, began to compete with the hand-loom. The wages of weavers, which, under the first impulse communicated by the new spinning machinery, had risen to an unusual height, and attracted large numbers to the business, gradually sank to a pittance, scarcely sufficient to afford the work-people the most wretched subsistence.

'The triumph of machinery, however, had been only a question of time. In weaving, as in spinning, separate domestic industry was compelled to give place to collective industry in large establishments. The workman who had pursued the even tenor of his way at his own loom, and the housewife who had plied her busy task over the wheel at her own fireside, were compelled by the force of irresistible circumstances to take their places along with hundreds of others in "the mill," and to regulate their hours of labour, as well as their meals and their hours of rest, by the sound of its peremptory bell. . . . When industry was carried on in small establishments, a steady and industrious workman might reasonably hope to accumulate the means of setting up in business for himself, and thus the workman of this year might next year be numbered among the employers. Theoretically this is so still, for it is a common boast, in our own country at least, that the avenues to wealth and the honours of official life are open to all. Circumstances, however, are sometimes stronger than the laws, and inexorably deny what the laws very freely permit. It is quite evident that the number of industries which may be prosecuted by separate individuals on a small scale, and which may be started with such an amount of capital as a working man can save out of his wages, is now comparatively small, and that it is steadily diminishing as the sphere of machinery extends. One may still see the shoemaker's shop with its modest array of tools, and its little stock of leather,

representing a total capital of a few hundred dollars, or even less; but the sphere of such shops is now comparatively limited, and the proportion of boots and shoes made by machinery in large factories is increasing year by year. In like manner, one may still see the shops of the blacksmith, the wheelwright, the carpenter, and the cabinetmaker; but in all of these, and in other trades, the amount of work executed in large establishments by the aid of machinery is immense, and is constantly augmenting. . . .

‘Except in the co-operative enterprises which within the last few years have been successfully carried out, its effect has been to divide all that large portion of society employed in connexion with it into two distinct, and, in respect to their circumstances, widely-separated classes; the one consisting mainly of a few very rich employers; the other embracing a multitude of employes who, if not absolutely very poor, are at least extremely poor in comparison with the members of the other class.

‘This wide contrast of conditions is probably one of the causes of the discontent of the working classes; but the principal cause, both of this discontent and of their aggressive attitude towards capital, is to be found in the fact that to the great mass these conditions appear to be practically permanent. The journeyman mechanic who could see a prospect that within ten years he might himself become the owner of a shop, was not disposed to feel or act unkindly towards a class of which he hoped soon to become a member—viz., towards the employers; but to the operative the possession of a factory is a thing so remote from probability, that it scarcely enters into his wildest dreams of future success. . . .

‘There is reason to hope that co-operation may yet afford the means of reconciling machinery and associated labour with that personal independence which machinery at first seemed likely to place quite beyond the reach of the mass of working men. By the union of many small sums, associations of workmen may succeed in forming out of their own earnings those aggregations of capital which are necessary to the prosecution of industry with the aid of the best modern appliances. If they can do this, and also supply out of their own ranks efficient oversight and business management, the great capitalist, towering among his operatives like a mountain among hillocks, will cease to be an industrial necessity<sup>1</sup>.

A few figures relating to the past and present condition

<sup>1</sup> *Labour in Europe and America*, 1876, p. 176, &c.

of several of our greatest industries will emphasize the difference of conditions so well depicted by Mr. Young. In 1800 the number of persons employed in agriculture in England was 1,713,289, out of a population of 8,429,745; whereas in 1881 there were only 1,383,184 thus employed, out of a total of 25,974,439. It will be seen that while the population at the latter period was three times the number of the population in 1800, the number of agriculturists had decreased by 20 per cent. On the other hand, the number employed in trade, manufactures, or handicrafts, in 1800, was 1,843,353 (a number just exceeding the total employed in agriculture at the same period); but in 1881 the number thus employed was 9,157,305, or five times more than in 1800. The amount of coal raised in the United Kingdom in 1780 was 2,500,000 tons. In 1800, it was 10,080,300 tons; in 1833, it was 18,000,000 tons; and in 1881, it was 184,300,000 tons. In 1780, the amount of iron smelted was 70,000 tons; and in 1831, it was 750,000 tons. In 1840, the exports of iron and steel were 268,327 tons; and in 1881, they were 3,820,315 tons. In 1835, the number of power looms in the cotton trade was 109,319; in 1878, there were 514,911; and in 1838, the use of water-wheels was still in vogue, to the extent of one-fifth of the total power used by the trade—there being 12,977 horse-power of water to 46,671 horse-power of steam. In 1870, the use of water-power had almost dwindled away, while the use of steam for cotton mills had increased to 300,480 horse-power. The increase in this great branch of manufacture will best be seen by the following figures of our exports at several different periods<sup>1</sup>:—

	QUANTITY EXPORTED OF			
	Cotton Piece Goods in Yards		Cotton Yarns in lbs.	
1820 . . .	250,956,541	. . .	23,032,325	
1835 . . .	557,515,701	. . .	83,214,198	
1840 . . .	790,631,997	. . .	118,474,223	
1881 . . .	4,772,733,000	. . .	254,939,900	

<sup>1</sup> Wholesale *Annual*, 1883, p. 296, &c.

Watt's first patent for his steam-engine was taken out in 1769. It was 1774 before he got fairly to work making the engines at Birmingham, and he thought it was a matter for boasting when he succeeded in boring the cylinders so level that there was not more variation in the parts than the 'thickness of a shilling<sup>1</sup>.' At the outset the engines were exclusively for mining work, and then only for pumping purposes. On account of the slowness of the demand, an Act of Parliament, passed in 1775, granted Watt an extension of the patent to 1800; and in 1779 the engine was adapted to driving machinery. In 1812 the first steamboat appeared on the Clyde; and we are told that it actually 'sails in the open sea as far as Ayr,' and 'frequently travels 100 miles in a day<sup>2</sup>.' A few years later, we have the use of gas becoming common; and in 1829, the 'Rocket' locomotive engine made its successful appearance on the Manchester and Liverpool Railway. A comparative statement relating to another industry will help to bring into prominence the vastness of the nineteenth century changes. In Anderson's *Origin, &c. of Commerce*, it is stated that the total number of copies of newspapers published in England in the year 1789 was 15,500,000. At the present day, a single London Daily will issue in a year ten times this number. •

The evils of the factory system in 1832 had become so manifest that a Royal Commission was appointed to make an investigation. They reported— •

'That children began to work in factories at five years old. It is not uncommon to find them there at six. Many are under seven, still more under eight; but the greatest number are under nine. For sheer fatigue the poor creatures would go supperless to bed, be unable to take off their clothes at night, or to put them on in the morning. . . . The effects of labour during such hours are in a great number of cases permanent deterioration of the physical constitution, and the production of disease wholly irremovable<sup>3</sup>.' •

<sup>1</sup> Lardner, *Steam Engine*, p. 154.

<sup>2</sup> Dupin, *Commercial Power*, vol. ii. pp. 232 and 245.

<sup>3</sup> Ludlow and Lloyd Jones, *Progress of the Working Classes*, p. 12.

The sufferings endured by the large numbers thrown out of their employments, and the still larger numbers employed for excessive hours and at an immature age, during this state of transition, naturally caused many of the labouring class, who remembered the 'olden time,' to wish for a state of society where the evils that they saw resulting from the use of machinery, and the adoption of the factory system, could be eliminated. Hence the many projects for self-supporting communities; where, they thought, abundance could be ensured by honest work and equitable association.



## CHAPTER V.

### ROBERT OWEN'S REMEDY.

IN the year 1820, Robert Owen had already become famous for the liberal-hearted treatment of the employés at the New Lanark Mills, of which he was the managing partner ; and his conduct there was viewed by the capitalist and ruling classes with all the more favour because it was asserted and believed 'that these arrangements, instead of involving any pecuniary sacrifice, are found to operate beneficially in a commercial point of view<sup>1</sup>.'

At this time great distress was being experienced by the people, and on May 1, 1820, Robert Owen, with a desire to remove it, brought before a 'general meeting of the noblemen, freeholders, justices of the peace, and commissioners of supply for the shire of Lanark, a plan for relieving public distress, and removing discontent, by giving permanent productive employment to the poor and working classes.'

In this plan, Mr. Owen said that the evil which requires 'a remedy is the general want of employment, at wages sufficient to support the family of a working man beneficially for the community ;' and he went on to lay down the following (among other) propositions :—

'That manual labour, properly directed, is the source of all wealth, and of national prosperity.

'That, when properly directed, labour is of far more value to the community than the expense necessary to maintain the labourer in considerable comfort. •

<sup>1</sup> Report of a Committee of the County of Lanark, in 1820, signed by Sir James Stewart, Bart., and five others.

‘That manual labour, properly directed, may be made to continue of this value in all parts of the world, under any supposable increase of its population, for many centuries to come.’

Further on he said—

‘It is admitted that, under the present system, no more hands can be employed advantageously in agriculture or manufactures, and that both interests are on the eve of bankruptcy. It is also admitted that the improvement in mechanical and chemical science has enabled the population to produce more than the present system permits to be consumed. In consequence, new arrangements become necessary, by which *consumption* may be made to keep pace with *production*; and the following are recommended :—

“To cultivate the soil with the spade, instead of the plough.”

“To make such changes as the spade cultivation requires, to render it easy and profitable to individuals and beneficial to the country.”

Thus far Owen's idea was to substitute manual labour for horse-power in the cultivation of the soil. Thereby the unemployed would be utilized, and a greater demand would be created for manufactured goods. He asserted that eight or ten human beings would be required by spade husbandry to supersede each horse then in use; and that spade husbandry would be found to be much more profitable than the use of the plough. He explained the reasons for the non-adoption of the method hitherto to be that farmers were not yet competent to undertake the control of large numbers of men; and that ‘to succeed in the business an economical direction of their powers, which implies a knowledge of human nature in all respects, ought to be as well understood by those who conduct the spade operations as the nature and management of horses are by farmers of the present day.’

After asserting that ‘the steam-engine and spinning machines, with the endless mechanical inventions to which they have given rise, have inflicted evils on society which now greatly overbalance the benefits which are derived

from them ; that they have created an aggregate of wealth, and placed it in the hands of a few, who, by its aid, continue to absorb the wealth produced by the industry of the many ;' and that 'the mass of the population are become mere slaves to the ignorance and caprice of these monopolists ;' Owen went on to explain his proposed plan for remedying these evils :—

'Your reporter ventures to recommend the formation of such arrangements as will unite about 300 men, women, and children, in their natural proportions, as the *minimum*, and about 2,000 as the *maximum*, for the future associations of the cultivators of the soil, who will be employed also in such additional occupations as may be advantageously annexed to it. In coming to this conclusion, your reporter never lost sight of the principle that it is the interest of all men, whatever may be their present artificial station in society, that there should be the largest amount of intrinsically valuable produce created at the least expense of labour, and in a way the most advantageous to the producers and to society. . . .

'An association of 1,200 persons would require from 600 to 1,800 statute acres, according as it may be intended to be more or less agricultural. Thus, where it should be thought expedient that the chief surplus products should consist in manufactured commodities, the lesser quantity of land would be sufficient ; if a large surplus from the produce of the soil were deemed desirable, the greater quantity would be allotted ; and when the localities of the situation should render it expedient for the association to create an equal surplus quantity of each, the medium quantity of 1,200 acres would be the most suitable. . . .

'It being always most convenient for the workman to reside near his employment, the site for the dwellings of the cultivators will be chosen as near to the centre of the land as water, proper levels, and dry situation will admit ;' and as 'the food for the whole population can be provided better and cheaper under one general arrangement of cooking, and as the children can be better trained and educated together under the eyes of their parents than under any other circumstances,' the disposal of the dwellings and other buildings in 'a large square or rather a parallelogram will be found to combine the greatest advantages in its form for the domestic arrangements of the association. . . .

'Each association, generally speaking, should create for itself

a full supply of the usual necessities, conveniences, and comforts of life. . . All will take their turn at *some one or more* of the occupations in this department [workshops], aided by every improvement that science can afford, alternately with employment in agriculture and gardening.

'It has been a popular opinion to recommend a minute division of labour, and a division of interests. It will presently appear, however, that this minute division of labour, and division of interests, are only other terms for poverty, ignorance, waste of every kind, universal opposition throughout society, crime, misery, and great bodily and mental imbecility. To avoid these evils, which, while they continue, must keep mankind in a most degraded state, each child will receive a general education, early in life, that will fit him for the proper purposes of society, make him the most useful to it, and the most capable of enjoying it. Before he is twelve years old, he may with ease be trained to acquire a correct view of the outlines of all the knowledge which men have yet attained. . . . His physical powers may be equally enlarged in a manner as beneficial to himself as to those around him. As his strength increases, he will be initiated in the practice of all the leading operations of his community, by which his services, at all times, and under all circumstances, will afford a great gain to society beyond the expenses of his subsistence, while at the same time he will be in the continual possession of more substantial comforts and real enjoyments than have ever yet appertained to any class in society. The new wealth which one individual, by comparatively light and always healthy employment, may create under the arrangements now proposed, is indeed incalculable. They would give him giant powers compared with those which the working class, or any other, now possesses. There would at once be an end to all mere animal machines, who could only follow a plough, or turn a sod, or make some insignificant part of some insignificant manufacture, or frivolous article, which society could better spare than possess. Instead of the unhealthy pointer of a pin, header of a nail, piecer of a thread, or clodhopper senselessly gazing at the soil, without understanding or rational reflection, there would spring up a working class full of activity and useful knowledge, with habits, information, manners, and dispositions, that would place the lowest in the scale many degrees above the best of any class which has yet been formed by the circumstances of past or present society. . . .

'These associations must contribute their fair quota to the

exigencies of the State. . . . Whatever taxes are paid from land, capital, and labour, under the existing arrangements of society, the same amount for the same proportion of each may be collected with far more ease under those now proposed. The Government would, of course, require its revenue to be paid in the legal circulating medium, to obtain which the associations would have to dispose of as much of their surplus produce to common society for the legal coin or paper of the realm as would discharge the demands of Government. In time of peace these associations would give no trouble to Government, their internal regulations being founded on principles of prevention, not only with reference to public crimes, but to the private evils and errors which so fatally abound in common society. Courts of law, prisons, and punishments would not be required. . . .

‘These new farming and general working arrangements may be formed by one, or any number of landed proprietors, or large capitalists; by established companies having large funds to expend for benevolent and public objects; by parishes and counties, to relieve themselves from paupers and poor-rates; and by associations of the middle and working classes of farmers, mechanics, and tradesmen, to relieve themselves from the evils of the present system.’

Owen then referred to the necessity of finding ‘parties who possess sufficient knowledge of the practical details to direct the people advantageously;’ and asserted that

‘the chief difficulty lies in the latter part of the business. . . . In the first instance men must be sought who, in addition to a practical knowledge of gardening, agriculture, manufactures, the ordinary trades, &c., can comprehend the principles on which these associations are formed; and, comprehending them, can feel an interest and a pleasure in putting them into execution. . . .

‘The peculiar mode of governing these establishments will depend on the parties who form them. Those founded by land-owners and capitalists, public companies, parishes, or counties, will be under the direction of the individuals whom these powers may appoint to superintend them, and will, of course, be subject to the rules and regulations laid down by their founders. Those formed by the middle and working classes, upon a complete reciprocity of interests, should be governed by themselves upon principles that will *prevent* divisions, opposition of interests, jealousies, or any of the common and vulgar passions which a

contention for power is certain to generate. Their affairs should be conducted by a committee composed of all the members of the association between certain ages ; for instance, of those between thirty-five and forty-five, or between forty and fifty. . . .

‘Under the proposed system, the facilities of production, the absence of all the counteracting circumstances which so abundantly exist in common society, with the saving of time and waste in all the domestic arrangements, will secure, other circumstances being equal, *a much larger amount of wealth, at a greatly reduced expenditure.* . . . These new associations can scarcely be formed before it will be discovered that by the most simple and easy regulations all the natural wants of human nature may be abundantly supplied, and the principle of selfishness (in the sense in which that term is here used) will cease to exist, for want of an adequate motive to produce it. It will be quite evident to all that wealth of that kind which will alone be held in any estimation amongst them may be so easily created to exceed all their wants that every desire for individual accumulation will be extinguished. To them individual accumulation of wealth will appear as irrational as to bottle up or store water in situations where there is more of this invaluable fluid than all can consume. With this knowledge, and the feelings which will arise from it, the existing thousand counteractions to the creation of new wealth will cease, as well as those innumerable motives to deception which now pervade all ranks of society. A principle of equity and justice, openness and fairness, will influence the whole proceedings of these societies. There will consequently be no difficulty whatever in the exchange of the products of labour, mental or manual, among themselves. The amount of labour in all products, calculated on the present principle of estimating the prime cost of commodities, will be readily ascertained, and the exchange made accordingly. . . .

‘As the easy, regular, healthy, rational employment of the individuals forming these societies will create a very large surplus of their own products beyond what they will have any desire to consume, each may be freely permitted to receive from the general store of the community whatever they may require. This, in practice, will prove to be the greatest economy, and will at once remove all those preconceived insurmountable difficulties that now haunt the mind of those who have been trained in common society, and who necessarily view all things through

the distorted medium of their own little circle of local prejudices. . . .

‘What, then, to sum up the whole in a few words, does your reporter now propose to his fellow-creatures?’ . . . ‘He offers to exchange their poverty for wealth, their ignorance for knowledge, their anger for kindness, their divisions for union. He offers to effect this change without subjecting a single individual even to temporary inconvenience. No one shall suffer by it for an hour; all shall be essentially benefited within a short period from its introduction, and yet not any part of the existing system shall be prematurely disturbed. His practical operations will commence with those who are now a burthen to the country for want of employment. He will enable these persons to support themselves and families, and pay the interest of the capital requisite to put their labour into activity. From the effects which will thus be produced on the character and circumstances of this oppressed class, the public will soon see and acknowledge that he has promised far less than will be realized; and when, by these arrangements, the vicious, the idle, and the pauper shall be made virtuous, industrious, and independent, those who shall be still the lowest in the scale in old society, may place themselves under the new arrangements, when they have evidence before them that these offer greater advantages than the old.’

The above summary of Robert Owen’s remedy for the distress of the people has been made from a pamphlet, published with the author’s permission, in 1832, by a committee appointed at a public meeting held in the Labour Exchange, Gray’s Inn-road, London. This pamphlet consists of seventy-six pages, and is a reprint, without any comment, of the plan submitted by Owen to the county of Lanark, together with an appendix containing an extract of the minutes of the Lanarkshire meeting, held on November 16, 1820. At this meeting, Mr. Hamilton, of Dalzell, offered to let 500 to 700 acres of land to the county, ‘for the formation of an establishment on Mr. Owen’s plan, so as to supersede the necessity of erecting a bridewell.’ With respect to this proposal, Mr. Owen remarked: ‘It is better, perhaps, that the first community should be formed for the relief of the industrious among the working classes, who are

now in want of advantageous employment.' Mr. Hamilton's proposal was not accepted by the meeting; neither was Mr. Owen's. But it was agreed that Mr. Owen should be allowed to print 'the proposal and plan as an appendix to his report,' and that 'the same should be taken into the consideration of a subsequent meeting of the county, to be specially called for the purpose.'

There is also in the appendix a communication from a nurseryman at Gateshead, 'detailing the experiments of four successive years in the cultivation of wheat by the spade,' from which Owen sought to prove the superior value of spade cultivation. In this communication it is stated that for an extra expense of five shillings in the cost of working the land, the spade will produce a crop of sixty-eight and a half bushels per acre, against a crop of thirty-eight bushels by the plough; and that at eight shillings a bushel, the difference in favour of the spade is an extra yield of £12 4s. per acre.

I have taken this pamphlet for the purpose of exhibiting Robert Owen's proposals, in preference to any other of his numerous publications, because it is not only one of the earliest, but was originally issued to his near neighbours, and was re-published as a manifesto, with his consent, twelve years afterwards. It has also enabled me to give, in a fairly compact form, in his own language, in a series of extracts, the pith of his plan, which is likely to be more accurate, and to be much more satisfactory to the reader, than a summary in another person's words.



## CHAPTER VI.

### COMMUNITY EXPERIMENTS.

As a result of Owen's advocacy, a number of experimental communities were formed. For our purposes, it will be sufficient to refer briefly to those that were started in the United Kingdom. One, in Ireland, had a fairly long career, and the following details concerning it were given in the *Quarterly Review* for November, 1829 :—

‘There has existed for about fifteen years a little community about five miles from Dublin. It was commenced by four individuals who lived together in that city, and agreed to make a common purse, and when they had saved sufficient money, to retire into the country, and cultivate a piece of land in common. They did so, and permitted others to join. A year's probation is required, and married persons are not admitted. The number of members is now about thirty-two, and they rent about 36 acres of land. There is a priest, and they keep a school of 300 children. Four persons cultivate the ground, while some are carpenters, others bakers, and some wheelwrights. Their chief manufacture is the jaunting car. They have erected buildings of various descriptions, and the society has the countenance of some of the first noblemen in Ireland.’

A larger and better known experiment was made at Orbiston, by Abram Combe and a few friends, including the Mr. Hamilton who made the offer of land to the Lanarkshire meeting mentioned in the preceding chapter. A letter from Mr. Combe gave the following details :—

‘The funds are raised by a joint-stock company, divided into 200 shares of £250 each, £100 of which is required to be paid up by quarterly instalments of £10 each. Though we have

been successful in procuring the necessary funds by this mode, yet it now appears to me, had we either divided each share into ten parts, or made the number 2,000 shares of £25 each, that we should have experienced more facility in this respect. This would have put it in the power of a much greater number to have taken an interest in the concern <sup>1</sup>.

The estate was nine miles east of Glasgow, and it was 'feued for the sum of £20,000<sup>2</sup>.' The buildings for the community were begun on March 18, 1825; and at the first general meeting of the proprietors, held on October 17, 1825, it was reported that £5,119 8s. 8d. had been laid out on work and materials.

In the same letter, Mr. Combe went on to say :

'From present appearances we shall not be able to admit one-half of those who are likely to apply. . . . The applicants are chiefly from the middle and working classes. The apartments are numbered, and those who apply have the choice of vacant rooms. . . . Each adult individual, male or female, will be entitled to one private apartment, 16½ feet by 12 feet, fitted up to their own taste, in the double capacity of sleeping-room and parlour. The establishment will contain two public eating-rooms of 50 feet by 40 feet, and 20 feet roof, with other public rooms for instruction, amusement, and conversation; and also library-room for reading and writing. . . . And we are afterwards told that weavers, smiths, carpenters, cabinet-makers, wheel-carriage makers, printers, painters, shoemakers, tailors, and harness-makers are to be accommodated on the second, third, fourth, and fifth floors, which will be ready in April.'

At a meeting of the proprietors held on March 18, 1826, at Orbiston, it was reported that £9,963 had been expended up to that date. The meeting unanimously agreed to sanction the immediate introduction of the system of union and mutual co-operation; and intimation was given to the overseers of the various departments that, at the end of the current month, the individuals who could co-operate might have the management of their own affairs <sup>4</sup>.

<sup>1</sup> *Co-operative Magazine*, 1826, p. 19.

<sup>2</sup> Gray, *Social System*, p. 360.

<sup>3</sup> *Co-operative Magazine*, 1826, p. 21.

<sup>4</sup> *Ibid.*, p. 197.

In April, 1826, Mr. Combe wrote concerning the progress of the effort :

‘ At this time last year there was not one stone above another of the present building. Now we have a building to the extent of 330 feet in length, by 40 feet broad, and four stories high, completely roofed in, and capable of being fitted up for the comfortable accommodation of about 100 families.’

He then went on to say that the establishment is ultimately intended

‘ for 200 families at the most, and the land is 290 statute acres ; and individuals may have such furniture provided for them as is absolutely necessary, but they will be charged either with the rent or the cost of it. The rent of each room will be only £4 per annum. It is calculated that an expenditure of £50 a year on the new plan will produce as many comforts as £300 on the old system <sup>1</sup>.’

The community at this time consisted mainly of the families of the work-people employed in the construction of the buildings, and as a result of the decision of the proprietors, they expressed their ‘wishes’ as to the basis on which the future government of the associated people should be conducted. They were: That all, whether male or female, should be on an equality ‘in point of privileges;’ that there should be weekly meetings; that the closest union should exist in procuring all their supplies, in cooking their food, in cleaning their clothes, furniture, and apartments, and in the education and maintenance of their children; that there should be a minute subdivision of labour; that private apartments should be ‘sacred’ from intrusion; that intoxicating liquors should be consumed only in private rooms; and that smoking and other injurious habits should be indulged in secret only <sup>2</sup>.

A private letter from Orbiston, dated May 8, 1826, gave an account of the condition of the inhabitants :—

<sup>1</sup> *Co-operative Magazine*, 1826, pp. 134-5.

<sup>2</sup> *Ibid.*, p. 197.

‘Even now . . . the economic nature of co-operative arrangements is beginning to be manifest, and a person may live at Orbiston without expending more for good, wholesome food than 1s. per day.

‘All the members are, and will be for some time probably, rated according to the value of their labour in old society from 12s. to 30s. a week. Each individual signs a ticket or cheque on the storekeeper for every article he requires, the cost of which is charged to him, and an account given to him weekly of his expenditure, with credit given for the amount of the value of his labour during the week<sup>1</sup>.’

Further details are to be found in the succeeding volume of the *Co-operative Magazine*.

‘There are seven shoemakers. . . . Each of them makes from 15s. to 18s. per week, besides the profit devolving to the community.’

The latter sentence refers to the method of dividing produce, which was adopted towards the close of 1826, and which will be explained later on.

‘Upon the upper flat twine is spun, which is afterwards taken to the school of industry, where fourteen children are employed in manufacturing garden and fishing nets. . . . There are three cotton and two silk weavers. . . . The founders are fitting up a blast furnace. . . . They make cast-iron gates of various patterns, fenders, and hollow work, such as kettles, &c. The cartwrights are employed making spring carriages and carts<sup>2</sup>.’

Early in September, 1826, it was reported that there were nearly 300 members, ‘divided into squads of ten to twenty families each.’ But it was said that the community was not doing so well, and the blame was laid on the costly plan of the undertaking ;

‘and last, though, as we venture to think, not least, the not entering at once, as at the Exeter community, on the right principle—the life and soul—the cement and incitement of the institution, *equal distribution*, or, more properly, *community* of property. . . . The establishment, however, is making progress. The managers have proposed, as an incitement to exertion—

<sup>1</sup> *Co-operative Magazine*, 1826, p. 196.

<sup>2</sup> *Ibid.*, 1827, p. 169.

though, we conceive, a poor substitute for "community of property"—that the individuals employed in any branch of industry should have a chance of receiving double price for whatever labour (i.e. produce of labour) they allowed to accumulate, before any profit was claimed by the society. This seems to have had a beneficial effect <sup>1</sup>.

On September 25, 1826, the tenants placed before the proprietors, through a deputation, their latest proposals for the management of the community, viz. :

'That all the members of society unite together to produce a common stock, out of which all our common expenditure, hereafter to be agreed on, will be paid; and that an equal share of the surplus of our labour be placed to the account of each member of the community, according to the time occupied by each.'

There were only five dissentients to this resolution. The proprietors ultimately agreed to allow the tenants to act in accordance with the decision of the majority. Abram Combe, who was suffering from severe illness, sent the community a letter, saying :

'I think you ought to begin to act upon the principles proposed; and although I think the minds of many of the members are not yet prepared to see the benefits of equal remuneration, yet this, I think, may be freely left to the judgment of the majority. . . . I consider it, however, necessary that each department should look after its own affairs, and be always prepared to show that its members are producing more than they are consuming <sup>2</sup>.'

On Wednesday, September 27, the tenants, by direction of the proprietors, proceeded to elect by ballot the members of the community as newly constituted, '*each one* in turn being subjected to the decision of all the rest.'

'It required good management in the presiding member, and the aid of music, to render the service pleasant to so numerous

<sup>1</sup> *Co-operative Magazine*, 1826, pp. 295-6.

<sup>2</sup> *Ibid.*, pp. 350-1.

a body, as they were kept in alternate marching and sitting order for four hours. . . . None were ultimately rejected<sup>1</sup>’

If we may judge from the terms of a letter written by a female member to her cousin, in October, 1826, the community were then enjoying themselves immensely :—

‘My husband and Mr. L. say they would not leave this place for £500 a year each ; and neither would I, for never was I so comfortable and happy. If you want comfort, this is the place. I could not have believed anyone before I experienced it. It is like another world. I never will leave it. I have been at a meeting last night, and such mirth I never knew. There is dancing three times a week. Indeed, there is nothing but pleasure, with the best of eating and drinking<sup>2</sup>.’

Abram Combe subsequently expressed his views very clearly on the state of mind of the tenants :—‘It was evident that the members were not really inclined for “equal distribution” though they all professed to be so.’ He accordingly arranged that at Orbiston they ‘should not be forced into such a state, but that they should be governed by their inclinations alone<sup>3</sup>.’ In a work by John Gray, who was one of the tenants, Combe’s opinion is fully confirmed. Gray objected to Owen’s principle of ‘equal distribution on every principle of equity and even expediency<sup>4</sup> ;’ but this did not prevent him offering,

‘on being informed that an experiment was about to be made of his [Owen’s] plan at Orbiston, to give the proprietors whatever benefit they could derive from my humble services. They were accepted. . . . On my arrival here, however, I soon found, and most sincerely did I regret to find, that the management of the Orbiston establishment was not in the hands of clear-headed, practical, and business-like men. . . . I saw at once that the scheme would turn out an utter failure. . . . Do I say this *now* (1831) because Orbiston has been a failure? Thank heaven, I ask no man to take it on my word that I do not. . . .

<sup>1</sup> *Co-operative Magazine*, 1826, p. 352.

<sup>2</sup> *Ibid.*, p. 387.

<sup>3</sup> *Ibid.*, 1827, p. 92.

<sup>4</sup> *Social System*, p. 371.

On June 29, 1826, I wrote . . . a word of advice to the Orbistonians. . . . Of this document I printed a few hundred copies for distribution amongst the proprietors and tenants, and from it the following are extracts :—

“An error has been committed in allowing a number of persons to assemble here who are expected to discover *what they can do*. They can do nothing; at least they can do nothing well. . . . Instead of persons being allowed to come to Orbiston to find out what they can do, the proprietors must state distinctly to persons making application for admission what description of hands are required. . . . The proprietors must fix upon two or three (and they ought not to exceed two or three) general branches of trade by which the mass of the population may be employed. . . . You may *talk* about equal distribution if you please, but, at least for some years to come, you cannot *act* upon it<sup>1</sup>.”

The Orbiston experiment ceased in November, 1827. Some have said that the failure resulted from the unexpected death, in August, 1827, of the founder, Abram Combe. Anyhow, William Combe ‘gave the whole of the population notice to quit, allowing them only a few weeks to make their arrangements. In November, accordingly, the date fixed by the notice, and only three months after Abram Combe’s death, most of the co-operators left Orbiston, and returned to the world without<sup>2</sup>.’ In 1828, the crops and plant were sold by auction; and the buildings were ultimately ‘razed to the ground.’

Mention has already been incidentally made of a community at Exeter. This was the result of several meetings held in that city at the end of May, 1826, and also at Tiverton and Bridgwater. The Exeter ‘first meeting was but thinly attended, there being not more than 200 persons present. A second meeting was called, which was very numerously attended. Nothing could exceed the enthusiasm with which the co-operative system was hailed on this occasion. . . . A great number of individuals at these

<sup>1</sup> *Social System*, p. 341, &c.

<sup>2</sup> *Sargent, Life of Robert Owen*, p. 294.

places have entered into *weekly* subscriptions to *assist* in carrying the plan into practice<sup>1</sup>.

In July it was reported that

'Some gentlemen belonging to the Devon and Exeter Co-operative Society have purchased a small estate, and commenced arrangements for the formation of a community, about 6½ miles from that city. The estate consists of 37 acres of excellent land, possession of the whole of which will be given at Lady-day next; but the purchasers are allowed to have immediate possession of as much of it as they choose, on paying for the crops now on the land. They have accordingly taken possession of six acres; and thirteen co-operators, consisting of a gardener, carpenter, quarrier (there being a stone quarry on the estate), drainer, well-sinker, clay-temperer, moulder, &c., &c., have been set to work, and scores, it is said, are waiting, anxious to join them as soon as the funds of the society will enable them to purchase more of the crops, and take possession of the land.' There are 'nearly 100 members, with their families, who are desirous of being amongst the first to commence operations. . . . It is proposed to erect a boarding-house detached from the other buildings, for the reception of ten or twelve genteel families of independent income, which will form a market for the production of, and be a source of revenue to the community<sup>2</sup>.'

In a later report it was stated that twelve cottages had been erected, and the architect had estimated

'that by a new method of building, dwellings can be raised adequate to the accommodation of *four hundred* families for a *thousand pounds*. It is his opinion that Mr. Owen, and most of the advocates of the co-operative system, have laboured under great error in supposing that the commencement of a community required the enormous funds of £50,000 to £200,000, he being confident that he could, on his economical plan, carry an establishment of 2,000 persons into complete operation, and furnish it with all the machinery requisite to produce every article essential to the comfortable or abundant subsistence of all the members, for £5,000<sup>3</sup>.'

The next news from Exeter was that 'from domestic

<sup>1</sup> *Co-operative Magazine*, 1826, p. 194.

<sup>2</sup> *Ibid.*, pp. 226-7. <sup>3</sup> *Ibid.*, p. 265.



circumstances the chief promoter of the establishment is withdrawing<sup>1</sup>.

In the *London Magazine* for 1826, an account was given of forty young men in London, who, inspired by the prevalent enthusiasm, joined together to found a community. The terms of admission were a subscription of £50 a year. A dwelling with farming land was selected in the Island of Jersey, which was called the 'New Home.' It had accommodation for thirty persons only: so lots were drawn for the privilege of becoming inmates. The members of the community did certain portions of the work of the place themselves; but being all men of some means, they employed outside labourers to do the drudgery. The residents seem to have enjoyed their mode of living; but it appears to have partaken more of a middle-class associated home than of a community of labour.

At the third Congress of delegates from the Co-operative Associations of Great Britain and Ireland, held in Easter week 1832, at the 'Institution of the Industrious Classes,' Gray's Inn-road, a delegate from Wigan, who mentioned that he had been discharged from his employment for being a co-operator, reported that they had formed a community. There were 'sixty cottages on the estate.' They manufactured 'gown pieces, stockings, &c.' They paid £600 a year for rent, and the society numbered 300 members. In addition to the cottages, 'their establishment consisted of manufactories, libraries, reading-rooms, and wholesale and retail warehouses<sup>2</sup>.' At the subsequent Congress at Liverpool another delegate reported concerning this society:

'A very few months ago, the first pound was laid down towards an establishment which now rents green fields, orchards, &c., to the amount of £600 per annum, besides a muslin and silk printing concern. They had two printing machines, and between fifty and sixty printing tables, which would soon be in full operation. They had between thirty and forty journeyman

<sup>1</sup> *Co-operative Magazine*, 1826, p. 297.

<sup>2</sup> *The Crisis*, 1832, pp. 4 and 15.

calico-printers constantly at work, and were beginning to enjoy comforts and advantages to which they had hitherto been strangers<sup>1</sup>.

In Holyoake's *History of Co-operation*, a very short glimpse is given us of an effort of a few Manchester co-operators to try and cultivate 600 acres of Chat Moss; but no details are supplied of their career<sup>2</sup>.

Ralahine is well known, both through Pare's book and the more recent publication of Mr. Craig. Great interest was excited at the time by this experiment; and a report on it, containing many interesting details, was made to the British Association in 1847. For our purposes, a few extracts from Mr. Pare will be sufficient:—

At the urgent request of Mr. Vandeleur, Mr. Pare visited Ralahine,

'and remained a guest sufficiently long to enable me to make a complete and searching investigation of the affairs of the association he had founded<sup>3</sup>. . . . Mr. John Scott Vandeleur was a man of position and fortune in the County of Clare. . . . He had two estates in the county—one of about 700 acres, which was let out in small farms, the other of 618 acres, called "Ralahine," surrounding the mansion in which he resided, and cultivated by himself through a steward.' (It was twelve miles from Limerick, going towards Ennis.) 'With the exception of about sixty-three acres of bog, which supplied fuel, it was pretty equally divided between arable and pasture land. . . . The labourers were extremely ignorant, drunken, and disorderly, and had an intense aversion to be directed by a steward.' Mr. Vandeleur had 'made the private acquaintance of Mr. Owen, and entered earnestly into his practical views.'

In 1830, Mr. Vandeleur commenced some buildings which were continued in the spring and summer of the following year. These comprised some comfortable cottages for married labourers, erected of stone, two stories high, slated and glazed; a dormitory for single women, another for single men; a store, a school, and a large dining-hall,

<sup>1</sup> *The Crisis*, p. 135.

<sup>2</sup> Vol. i. p. 155.

<sup>3</sup> *Co-operative Agriculture in Ireland*, p. 130.

30 feet by 15 feet, with a meeting, class, or lecture-room over it.

‘The steward showed much harshness to the labourers. . . . Petty yet stinging acts of oppression . . . raised the indignation of the labourers. . . . In their savage revenge he was shot dead.’ Mr. Vandeleur ‘resolved to commence his experiment then at once, which otherwise would have been delayed a little longer. . . . He came to England, and found in Mr. Craig, then of Manchester, a young man who had been a patient student of the principles upon which he was going to found his young colony. . . . It was agreed that he (Mr. Craig) should at once proceed to Ralahine, to fill the post of secretary and to organize the association. This was in the spring of 1831<sup>1</sup>.’

‘Mr. Craig found matters in a most unpromising condition. . . . The labourers themselves were discontented, moody, and suspicious, and, for the moment, Mr. Craig’s appearance among them tended rather to intensify this state of things than to impart confidence.’ The first few months were occupied by him ‘in thoroughly ascertaining the condition of the people, their wants and wishes, so far as they knew, or could express them; and the designs of the proprietor.’

‘On the 1st of November, 1831, the whole of the labourers and artisans on the estate, and some living in the immediate neighbourhood, were assembled,’ and they proceeded to elect by ballot the members of the new ‘Ralahine Agricultural and Manufacturing Co-operative Association.’ Fifty-two persons were admitted. ‘None were rejected. . . . Of the foregoing there were only eighteen efficient labouring men. . . . A widow and six children, one of whom was a feeble hunchback, and the old woman herself fit only to look after the poultry, being found on the estate, were received into the bosom of the new community<sup>2</sup>.’

The following is a summary of the principal ‘Laws’ of the Association. The objects were the acquisition of a common capital, the attainment of a greater share of the comforts of life, mutual assurance against evils, and mutual improvement. The owner to have power during the first year to discharge any member for misconduct, to have a

<sup>1</sup> *Co-operative Agriculture in Ireland*, chap. ii. pp. 8-14.

<sup>2</sup> *Ibid.*, chap. iii. pp. 15-20.

veto on the resolutions of the society, and to appoint the secretary, treasurer, and storekeeper. The committee to meet every evening to arrange the next day's work. Hours of labour from six to six in summer, and from daybreak till dusk in winter, with one hour for dinner. Each 'agricultural labouring man' to receive 8*d.* per day as wages, and every woman 5*d.*, 'which it is expected will be laid out at the store in provisions or any other articles the society may produce or keep there; any other articles may be purchased elsewhere.' No member to be expected to perform any work that is not agreeable; but it is the duty of members to report to the committee if they think any other member is not usefully employing his time. The youth of both sexes under seventeen to act as servants in rotation. The children to be maintained 'from the time they are weaned, till they arrive at the age of seventeen' at the expense of the society<sup>1</sup>.

'The land, buildings, stock, machinery, and implements were let to the society in common for the general benefit of the whole, and the capital was to be used for its joint interest. . . . After paying in kind the rent and interest to the nominal amount of £900, the remainder of the produce was to be the property of the adult members<sup>2</sup>. . . . Under the agreement, this amount of rent and interest was to be discharged by delivery of the following fixed quantities of produce, or their equivalents.'

Here follow the details of the quantities of wheat, barley, &c., that had to be paid in lieu of money rent, and 'the nominal prices were based on average prices in Limerick market for the ordinary years 1830 and 1831<sup>3</sup>.'

'Not only did feelings of mistrust vanish, but the proceedings at Rahahine were held in such favour . . . that it soon became an object of intense desire and even ambition to belong to the association, and new members were gradually admitted. On the other hand, in adherence to the law, it became necessary for some few to leave. . . . When the experiment closed in

<sup>1</sup> *Co-operative Agriculture in Ireland*, chap. iv. pp. 20-32.

<sup>2</sup> *Ibid.*, chap. vi. p. 36.

<sup>3</sup> *Ibid.*, chap. vii. pp. 39-40.

November, 1833, there were thirty-five men, twenty-three women, seven orphan youths under seventeen, and sixteen children under nine years of age, making a total of eighty-one<sup>1</sup>.

The remuneration was as follows: The secretary, store-keeper, carpenter, agricultural superintendent, and smith, each received 8s. a week; the gardener, 7s.; the assistant carpenter, and assistant smith, each 6s.; three superior labourers, 5s. each; the remaining labourers, 4s. each; and the women, 2s. 6d. each. Twenty-three children were 'supported from the common fund<sup>2</sup>.'

'The weekly drawings of the members on the scale shown in the last chapter, for what may more properly be called subsistence money than wages, inasmuch as it did not represent all their earnings, was after the first week of the society's operations paid in labour tokens or notes. These notes were receivable at the store for articles produced on the farm, for materials, for clothing, and for rent, fuel, &c.<sup>3</sup>' The subsistence allowances here mentioned are said to have been equal to 'the wages ordinarily paid in the neighbourhood; but the co-operative arrangements in "expenditure and consumption" gave the associates and their families a far greater command over the necessaries of life than they had ever before been accustomed to or hoped to enjoy. . . . I found all the cottages of the married members provided with comfortable bedsteads, beds, bed-clothing, tables, chairs, &c., and the whole as clean and neat as the average of the *best part* of the working people of England. . . . All these desks, forms, tables, chairs, bedsteads, beds, &c., were made by themselves and their carpenters and smiths.'

'Every means they could devise was adopted to save time, labour, and expense in the washing of their linen, &c.. Their saw-mill and threshing machine saved much time and labour, being worked by water-power. They gladly availed themselves of every assistance science or machinery could give, because . . . it lightened their labour and increased their means of enjoyment.'

The prices of food, &c., were as follows:

'For as many potatoes as the men could eat they paid 1s. per

<sup>1</sup> *Co operative Agriculture in Ireland*, chap. viii. pp. 46-61.

<sup>2</sup> *Ibid.*, chap. x. pp. 53-4.

<sup>3</sup> *Ibid.*, chap. xi. pp. 63-4.

week,' and the women 'paid 6*d.* per week.' By weight they were sold at 2*d.* per stone. New milk 'was 1*d.* per quart, pork 2½*d.* per lb., beef and mutton 4*d.*, butter (their own make) 8*d.* For turf for the private dwellings the married members paid the cost of labour and carriage,' and for rent of cottages '6*d.* per week. . . . There was a common dining hall, 30 feet by 15, where the unmarried men and women and youths took all their meals; and the intention was ultimately to get all the married people to join them, so as to economize the labour and expenses of separate fires for cooking, and the occupation of one woman in every cottage to prepare the meals for herself and husband. The children and infants had their meals supplied in the school-house<sup>1</sup>.'

'The progress of the association had become so marked' that, at the harvest of 1833, 'it was determined, with the approval of the president, to mark the occasion by a festival when the last load was brought into the rick-yard for stacking. . . . This last load to the stack-yard was heralded with music. A procession of the members, with the youths and children, headed by the secretary, mounted on a bay pony, and wearing a silk sash, on which was printed "Each for all," marched round the estate. . . . The evening was spent right merrily, with dance and song. Some attempt was made to introduce the English country dance, but the Irish jig maintained its supremacy<sup>2</sup>.'

Directly after this festival, the community came to an end. In November, 1833, a Dublin newspaper reported the 'flight of John Scott Vandeleur.' He had put a rule into the laws of the association, 'that no gambling of any kind be practised by any member of the society;' but he himself, 'indulged the fatal passion.' He indulged to such excess

'as to involve all he possessed. . . . Taking advantage of a vessel then leaving for America, he passed over to that continent as to a land of refuge;' and 'no certain tidings of him have ever reached me since. . . . The blow came upon the happy little community of co-operators like a thunderbolt. . . . There was no tenant-right. . . . Still less did the law recognize the holding of land by an association of labourers for common purposes. The agreement was, therefore, treated as so much

<sup>1</sup> *Co-operative Agriculture in Ireland*, chap. xiii. pp. 72-77.

<sup>2</sup> *Ibid.*, chap. xix. pp. 112-13.

waste paper. The lawyers seized the whole of the property, additions and improvements included, for the benefit of the creditors; and, without stopping to adjust, or even inquire into any equitable, if not legal, claims of these labouring and improving tenants, proceeded to sell the entire interest therein of the landlord, to satisfy writs placed in the hands of the Sheriff<sup>1</sup>.

Mr. Craig has sent me an account of a community, which was formed in Cambridgeshire, about 1839, by Mr. W. Hodgson, on a farm of 200 acres belonging to him. The land was 'turfy and wet, but drained by the dykes, and the water was then raised by small windmills into the Bedford Level.' Mr. Craig said that Mr. Hodgson dismissed

'his labourers who were familiar with the land and its requirements, and invited persons to join a community and have all things common. Those who responded to his invitation were the most unsuitable for the tillage of the soil. Some of them had never worked a day in the open air. The farm soon told the story of its defective cultivation; and it was then determined to establish a brickfield and send the bricks down to Lynn for sale. The devoted workers laboured hard to realize success, but the fates seemed against them. Mr. Hodgson was earnest, generous, and anxious to succeed; but this was not sufficient; and failure was accelerated by the sexes being thrown too much together, in consequence of the want of separate rooms.'

A small community that existed in 1842 at West Ham Common, near Richmond, requires a brief notice. It was distinguished by its eccentricities. It published a magazine called the *Concordium Gazette*, and advocated vegetarianism and teetotalism of a very advanced character. The head of the community expressed the belief that by constant discipline they would ultimately be able to live exclusively on fruit and water. The *Reasoner* for October, 1849, reported that 'the Concordium at Ham Common has passed into new hands. Its present use is that of an educational asylum for orphans whose parents have died of cholera.'

<sup>1</sup> *Co-operative Agriculture in Ireland*, chap. xxii. pp. 145-6.

Small and eccentric as the community was, it created and left co-operative workers behind it, among whom was a committeeman (now deceased) of the Co-operative Wholesale Society.

The Queenwood community is perhaps the best known of all the experiments. Lloyd Jones, in his 'Life and Labours of Robert Owen,' published in the *Co-operative News* for 1882-3, entered with great detail into the subject. Mr. Jones was an Owenite missionary, so he was able to write from personal knowledge. The following extracts from the 1883 volume give a summary of the origin and history of the effort. There was a society for the purpose of making

'the principles of Robert Owen known to the general public . . . called the "Association of all Classes of all Nations." . . . Inside this large society, and worked by an organization of its own, was the "Community Friendly Society." . . . It enrolled members who were desirous to see a model village for industrial and educational purposes called into existence. The members paid a subscription, of "one shilling a week." It "discussed projects and plans, kept in view offers for the sale or letting of land, such as might suit its purpose, and talked over the kinds of occupations best suited for carrying out the object in view<sup>1</sup>."

'At the Annual Congress of 1840, the Central Board reported thus to the society :—The estate situate at East Tytherly, in the county of Hants, has been secured by the directors on a ninety-nine years' lease. . . . The estate consists . . . of two farms, one of 301 acres, named Queenwood, which is tythe-free ; the other of, 23½ acres, which is extra-parochial, named Buckholt. The annual rent is £350, having been fined down from £375, by payment of £750 ; and the society have power to further fine down the rent to £300, £250, and £200, on making three payments of £1300 each.' Possession 'was obtained on Tuesday, October 1, 1839,' when £1694 was paid for the stock upon the farms.

Robert Owen thought that they were making

'a premature commencement. . . . When it was decided, in opposition to Owen's protests, he declared he would withdraw

<sup>1</sup> Lloyd Jones, *Robert Owen*, p. 302.



himself from the movement, but as this would have amounted to a breaking up of the whole thing, he reluctantly consented to continue. . . . He was appointed governor. . . . The capital in hand was utterly inadequate to carry through such an undertaking. . . . There were no buildings on the estate beyond an old farm-house and some ordinary farm-buildings. . . . Three gentlemen were nominated . . . to act as deputy-governor, agricultural manager, and as resident trustee, to direct and manage the whole thing. . . . The three gentlemen named did not overweight the establishment with expense, as they gave their services without charge of any kind beyond their board. . . . The land was not good, and did not promise average crops. . . . Large garden grounds for the use of the people were laid out, and an abundance of the best vegetables planted. . . . Good gardeners were sent to the estate, who were members of the society. . . . A number of skilled artisans were required, and these were sent without delay—a smith, a cartwright, a plumber and glazier, a tailor, a shoemaker, and such other artisans as were necessary. . . . In a few months there was quite a little colony settled on the land. . . . The people selected were almost exclusively of superior habits and manners for their class. . . . They were sober, industrious, intelligent men, who had been led to study the conditions of society as they found it in their own experience, . . . and who had determined to make an experiment with a view to elevate and improve it.' These 'members of the society had been sent from the manufacturing districts. . . . As the principal source of income . . . the intention was to draft workers in various skilled trades to the estate, whose labour did not require extensive and costly machinery, such as watchmakers and similar trades<sup>1</sup>.'

At the Congress of 1841, held in Manchester, difficulties at Queenwood began to appear ; and it was said that 'unless the financial resources of the society could be developed' the difficulties would rapidly increase. 'There was also a strong desire in the branches throughout the country to send additional residents.' Several well-wishers were 'willing to advance money, but they were not disposed to do so without stipulating that they should control, in a certain way, its expenditure. . . . They formed themselves into a society,

<sup>1</sup> Lloyd Jones, *Robert Owen*, pp. 321-2.

called the Home Colonisation Society, and by contributions, principally as loans, got together large sums of money. . . . Such changes were made in the "laws of the community" as caused the will of the president of the society and the governor of the establishment at Queenwood to be paramount in almost everything. . . . Robert Owen combined both offices in his own person.' At this Manchester Congress, the deputy governor reported that the inmates were not satisfied. 'They complained 'of the head farmer acting without proper control, and rendering his accounts irregularly.' The routine of the establishment was described as follows :

'During the week they rose at six o'clock, and went out to work till eight or half-past. . . . For breakfast there was milk, cocoa, bread and butter, salad, &c. They then pursued their labours until dinner-time. Dinner is served up in a good style, generally consisting of puddings, bacon, beef, mutton, vegetables, with hare and rabbit occasionally, and an hour is allowed for the meal. At five all come in from work, and, having dressed and partaken of tea, either join in some amusement or attend to study. . . . Watchmaking and printing were introduced at an early stage of the proceedings. In printing there was a good deal to be done in the society, including the weekly journal, which was a large sixteen-paged paper, and, with tracts and pamphlets, was a fair ground to start from.'

In August, 1842, the board 'was compelled to call a special Congress for the purpose of considering the position of the society, the whole thing having been brought as nearly as possible to a standstill.' The Congress passed a long resolution to the effect that

'the present financial condition of the establishment in Hampshire has mainly arisen from the too great confidence of the governor in the disposition of capitalists, not immediately connected with the society, to advance capital for its purposes when practical operations had been advanced to a certain stage, which confidence induced him to press forward practical operations at a rate which exceeded the actual income and available funds of the society<sup>2</sup>.'

<sup>1</sup> Lloyd Jones, *Robert Owen*, pp. 341-2.

<sup>2</sup> *Ibid.*, pp. 361-2.

Owen, with some others, resigned, and new officers were appointed in their stead.

In April, 1843, the new governor resigned on the ground of ill health ; and in an address by him to the May Congress he said :

‘The buildings are nearly finished, many improvements in the farms and gardens have been made, the schools have commenced, proper teachers have been engaged, a considerable number of pupils and boarders have arrived, more pupils are promised ; and from these a large revenue is already realized, which, with the surplus produce of the estate, there is every reason to believe will make this interesting experiment self-supporting before the end of the present year.’

Lloyd Jones asserted that the community departed from its original intention, when success was ‘aimed at by establishing boarding houses,’ the ‘original intention being a scientific combination of labour in the workshop and on the land, united with scholastic instruction ;’ and some ‘believed that if the establishment was managed with the view of carrying out the original intention, by increasing the members, and finding work for them, and by limiting the boarders, or dispensing with them altogether so as to afford more accommodation to resident members, the necessary funds would be found for carrying forward such operations.’

‘At the Congress of 1844 this policy was adopted,’ and two Manchester men were appointed to be president and secretary. They were good men, but only known ‘locally. . . . The change of policy alarmed the boarders and the parents of the children throughout the country, who were now paying a fair revenue to the schools. The prospect which thus disclosed itself of an increased expenditure and a decreased revenue became alarming. The outside enthusiasm did not fulfil the expectations of those who trusted in it. . . . The value of the property as security for the liabilities began to diminish. To stop this, the

trustees took action<sup>1</sup>, and so closed the operations of the community.

In an address, dated October 14, 1845, the last governor of Queenwood tried to explain the cause of the collapse. He said :

‘The excitement manifested at the late Congress, when our pecuniary affairs were disclosed, was not surpassed even during the panic of 1842. . . . It was my deep-rooted conviction that under the existing constitution, with the society’s heavy debts, and limited resources, the experiment was far beyond redemption. . . . The farms had been hitherto unprofitable. The letterpress printing did yield a profit, but it was not so much on the printing of the *New Moral World*, as upon the job printing done by the same hands. . . . With the school a serious loss was daily manifested<sup>1</sup>. Eighty-four persons have left the establishment, exclusive of pupils. . . . The building was vacated on the 29th of September, and those still remaining have taken up their temporary abode at the old farm-house on the Queenwood estate.’

‘For six years we have tried our skill in practically carrying out our views ; yet we find ourselves in the unenviable position of having received and expended not less than £40,000, while it is doubtful if the assets will realize one-third the amount. . . . Harmony Hall, with its massive walls, turrets, spacious corridors, and its sixty rooms, is closed. . . . A casual visitor may admire the architectural embellishments of Harmony Hall, but the poor, forlorn, broken-spirited socialist regards it as a pitiful memento of the well-meant but short-sighted policy of those friends who aimed at too much with inadequate means ; who attempted, in fact, to carry out the sublime and benevolent theory of Owen upon a grand scale, without bringing to their aid the practical philosophy of a Franklin<sup>2</sup>.’

The faith of all the socialists was not by any means destroyed ; for a report from the Huddersfield branch of the organization, of meetings held on November 2 and 3, 1845, said :

‘The failure of the Harmony experiment has not had that evil effect on the branch that might have been expected. The

<sup>1</sup> Lloyd Jones, *Robert Owen*, pp. 401-2.

<sup>2</sup> *Herald of Progress*, pp. 4-6.

<sup>3</sup> *Ibid.*, pp. 12-21.

members still continue cheerfully to pay their usual weekly contributions<sup>1</sup>.

Several London branches were hopefully referred to, as well as the branches at Manchester, Leeds, Leicester, Edinburgh, Oldham, Paisley, and Halifax ; while of Glasgow it was reported,

‘We have a much greater number than usual of paying friends. We have 160 weekly subscribers, besides a few donors<sup>2</sup>.’

But the most interesting evidence of continued faith in the principle of communism was supplied by some of the late residents at Queenwood, the governor of that place reporting that

‘Of the parties who left the hall in August, eleven adults and five children took up their residence upon the Little Bentley Farm, an estate which the assignees let to Messrs. Galpin and Ironsides. . . . The friends at Little Bentley have organized themselves in a similar manner to the one alluded to,’ i.e. ‘a brotherhood, having but one interest, one object, and being but one people, self-dependent, self-governed, and responsible to no external power<sup>3</sup>.’

<sup>1</sup> *Herald of Progress*, p. 17.

<sup>2</sup> *Ibid.*, p. 18.

<sup>3</sup> *Ibid.*, pp. 12-21.

## CHAPTER VII.

### HALF A LOAF !

THE impossibility of raising the large amounts of capital which Owen insisted were necessary to carry his plans successfully into execution, caused many groups of enthusiastic disciples to consider what could be done in other ways to attain the desired end. They soon hit upon the idea that 'half a loaf was better than no bread ;' and they determined to co-operate to carry out the plan in sections, hoping that ultimately they would succeed in realizing the whole. The Brighton effort is one of the best known, principally through the admirable series of tracts which the society there issued in explanation of their views, and which had a wide influence in stimulating the formation of similar societies. The poet Southey described this Brighton Society as 'a slip of Owenism grafted upon a common-sense stock<sup>1</sup>.' The following extracts from the *Brighton Co-operator* will tell their own story.—•

'Wherever you go, you hear of hard work, low wages, and pauperism. This distress is the inevitable consequence of working for others, instead of working for themselves<sup>2</sup>.'

'Co-operation being a subject quite new to the working classes, it is natural they should be ignorant of it. If it has ever been heard of by any of them, it has been in such a way as to make it appear completely visionary. It has always been connected with the idea, that in order to carry it into practice, large sums of money are absolutely necessary. The smallest sum ever mentioned as sufficient for the purpose is £20,000.

<sup>1</sup> *Christian Socialist*, vol. i. p. 78.

<sup>2</sup> *Brighton Co-operator*, May, 1828, p. 3.

From this, the advocates of the system have gradually risen to as much as one million<sup>1</sup>.

‘It is capital we want. . . . We must form ourselves into a society for this special purpose ; we must form a fund by weekly deposits ; as soon as it is large enough, we must lay it out in various commodities, which we must place in a common store, from which all members must purchase their common necessities, and the profit will form a common capital to be again laid out in the commodities most wanted. Thus we shall have two sources of accumulation—the weekly subscription, and the profit. . . . The society will be able now to find work for some of its own members, the whole produce of whose labours will be common property. . . . As the capital accumulates still farther, it will employ all the members, and then the advantages will be considerable indeed. When the capital has accumulated sufficiently, the society may purchase land, live upon it, cultivate it themselves, and produce any manufactures they please, and so provide for all their wants of food, clothing, and houses. The society will then be called a community. . . . But if the members choose to remain in a town, instead of going into a community, they may derive all the advantages from the society which I have stated<sup>2</sup>.’

In August, 1829, the editor said ‘there are upwards of seventy societies now in existence.’

In a letter from Dr. King, dated December 21, 1828, it was stated that the Brighton Society at first had 170 members. They met once a week for reading, &c. The weekly subscription was one penny. When they had saved £5 they invested the money in groceries. Their first week’s sales were 2s. 6d. They were then £38 weekly. The profit was about 10 %, and a weekly sale of £20 paid all expenses, besides supplying a large room for members to meet and work in. Six months ago the society took a lease of 28 acres of land, nine miles from Brighton, which they cultivated as a garden and nursery out of the surplus capital. They employed four and sometimes five men. They had now 75 members. Others had fallen

<sup>1</sup> *Brighton Co-operator*, August, 1828, p. 1.

<sup>2</sup> *Ibid.*, May, 1828, pp. 2-3.

off. The men on the ground had 14s. a week, while the ordinary pay in the country was 10s. The men were also allowed rent and vegetables. They took their meals together<sup>1</sup>.

The *Quarterly Review* gave some details which explain why 'others had fallen off.' 'At first this Brighton association was a joint-stock company, divided into shares. Part wanted to become communists. The minority did not; so they drew out their subscriptions, leaving the accumulated property to the workmen, who were the unanimous advocates for a community.' The seceders built a fishing boat at a cost of £140, and employed some of their own members. After deducting expenses and losses, they made over £4 a week profit. 'They have just built another boat. . . . The association has a shop in Brighton and twenty-eight acres of garden on the London-road, and they employ seven members<sup>2</sup>.'

In the memoir of M. D. Hill, there is a note which says 'The society flourished as long as it abided by the ready-money principle; but the extension of its original scheme induced a departure from this course. Lady Noel Byron, who at that time was aiding co-operative societies in different parts of the country, took a deep interest in it, attended its meetings, and assisted it in a season of difficulty with a loan which it never recovered power to pay<sup>3</sup>.'

The Report of the British Association for Promoting Co-operative Knowledge said, that on Feb. 1, 1830, there were 17<sup>2</sup> associations in the country similar to the one at Brighton<sup>4</sup>; and in 1832, it was stated that 'there are at present between 400 and 500 co-operative societies established, and these are spread over the United Kingdom<sup>5</sup>.' William Lovett, who was at this time an active and prominent co-operator, said of these societies,

<sup>1</sup> *The Co-operator*, vol. iii. p. 129.

<sup>2</sup> *Quarterly Review*, November, 1829, p. 370.

<sup>3</sup> Hill, *Memoirs*, p. 395.

<sup>4</sup> *London Co-operative Magazine*, May, vol. iv. p. 27.

<sup>5</sup> *The Crisis*, June, 1832, p. 59.



‘As their funds increased, some of them employed their members, such as shoemakers, tailors, and other domestic trades, paying them journeymen’s wages, and adding the profits to their funds. Many of them were also enabled by these means to raise sufficient capital to commence manufactures on a small scale, such as broadcloths, silk, linen, and worsted goods, shoes, hats, cutlery, furniture, &c.’<sup>1</sup>

At the London Congress of 1832, a Mr. Hirst, of Huddersfield, exhibited specimens of handkerchiefs, flannels, gown prints, Britannia metal teapots, knives, &c., manufactured by co-operative societies in the North of England; and amused the Congress by telling them how he was completely dressed in co-operative-made articles. ‘He had on a co-operative shirt, a co-operative coat, and a co-operative waistcoat’.<sup>2</sup>

In a report of a tour among the co-operators, made by Mr. J. Whittaker, in September, 1832, we have the following account of a dyers’ association :

‘The Manchester Co-operative Dyeing Manufactory is an establishment for dyeing and dressing velveteens, &c. There are 120 employed in this factory, consisting principally of the members and their children. They told me they should be obliged to take on twenty more hands in the course of the next week, the merchants giving them the principal part of their orders to complete. They have found out (i.e. the co-operators) the beneficial effects of having the machinery in their own hands’.<sup>3</sup>

The end of this experiment is explained in a report of another tour made in 1851 by a Christian Socialist. He said :

‘I am told that the dyers are in many respects a remarkable body. Twice already, so my account runs, have they endeavoured to set up dyeing establishments on their own account, and twice have those establishments been bought up by the employers; the second time under circumstances far from creditable to the latter’.<sup>4</sup>

<sup>1</sup> *Life of Lovett*, p. 41.

<sup>2</sup> *The Crisis*, p. 14.

<sup>4</sup> *Christian Socialist*, vol. ii. p. 212.

<sup>3</sup> *Ibid.*, p. 115.

William Howitt, in an article published in 1846, advocating co-operative villages, said :

‘At Paisley there is a case most completely in point. There some half-dozen workmen, eleven years ago, having accumulated a small sum by careful saving, commenced the Colinslie Print Works, and have succeeded so well that, I understand, no works are better conducted than theirs, and that not only have the co-operative proprietors managed to live comfortably, but are worth at least £500 each<sup>1</sup>.’

This association must have ended in becoming a private firm, for in 1851 the block printers were again at work forming an association in ten shilling shares—no person to hold more than one share, unless it is found that the total capital of £2,000 cannot be thus raised ; in that case a person may have four<sup>2</sup>.

The *People's Journal* supplied a number of details of other associations :

‘In London the Strong Boot and Shoemakers’ have ‘opened a shop at 151, Drury Lane, and are actively at work for themselves ; and it was stated at the United Trades Conference, at Manchester, that, though only a few weeks established, they had made a profit of 240 % on the capital employed. . . . The hatters of Manchester and other towns, having seen the folly of strikes, in 1841 established a hat manufactory at Denton, with shops in Manchester, Hyde, Ashton-under-Lyne, and Dukinfield. In 1844 their report stated the success of the association. Its profits for the year had been £143, and it had a capital of £700, giving employment to about sixty persons. It was stated at a public meeting of the Trades Association the other day that in Manchester a body of working men had united their means, taken a large timber yard, and had thirty-five workmen, to whom they were paying the best of wages<sup>3</sup>.’

In the issue for November 21, 1846, there was an account of the Saxmundham Spade Husbandry Association, located about twenty miles from Ipswich. It was legally registered

<sup>1</sup> *The People's Journal*, 1846, p. 340.

<sup>2</sup> *Christian Socialist*, 1851, vol. ii. p. 330.

<sup>3</sup> *The People's Journal*, 1846, p. 341.

as a benefit society, and had been established about two years. Other details were given in the issue for February 13, 1847, and some mention was made of it in that for July 18, 1846. There were forty members, and the shares were £5 each. They purchased a farm, in Snape, of 28 acres. On it was a large barn and two cottages. The cost of the farm was £950. 'This amount of land formerly gave work to one man; they employ from fourteen to sixteen upon it, and the average wages is fourteen shillings a week.' They employed a carter, at twenty shillings a week, to cart ooze from the Snape river for manure. The first year they had a net profit of £85, besides expending £55 in improvements; so that their total net profit was £140. The members also 'shared among themselves the consumption of five head of cattle fed upon their farm.' The year (1846) was dry and unfavourable, but the farm

'produced, on an average, seven-and-a-half combs per acre, while other farms, nearly adjoining, did not realize more than three combs per acre. . . . Without exaggeration the society made at least between four and five pounds an acre more than their neighbours who occupied precisely the same quality of soil. . . . Without having made a regular valuation, they estimate their last year's profits, at least, at £100<sup>1</sup>.'

In May, 1846, a needlewomen's association was started at Denmark-street, Bloomsbury. The shares were £1 each, payable at sixpence a week, and the association was managed by a committee of thirteen shareholders. After paying 5% interest on capital, the surplus profits were to be divided among the work-people. In December, it was reported that the association was 'obtaining for the poor shirt-women full 20% more wages than is given in ware-houses<sup>2</sup>.' This was not the only female association that had been started, for at the Liverpool Congress, held in 1832, it was reported that 'at Brighton, there was a female

<sup>1</sup> *The People's Journal*, July 18, 1846, *Annals*, p. 3; Nov. 21, 1846, p. 41; and Feb. 13, 1847, p. 13.

<sup>2</sup> *Ibid.*, pp. 44-49.

co-operative society, consisting of milliners and satin-stitch makers, who had clubbed together and got a shop of their own, at which, when any of them were out of employ, they went and worked at baby linen and other articles<sup>1</sup>.

The following account of the Coventry Labourers' and Artisans' Friend Society is taken partly from the *Christian Socialist*, vol. ii. p. 394; partly from the first report of the Society for Promoting Working Men's Associations; and partly from the transactions of the Co-operative League, 1852. The society was started in 1843. The capital was raised by subscriptions of not less than one penny per week, and the profits were 'to be shared annually, according to the number of shares each man had of 5s. each.' It was enrolled under the Friendly Societies Act. In April, 1852, the society had 752 members. One of the objects was to make loans of money to needy members, of not less than 10s. or of more than £15. Besides dealing in coals, they had a general store, and a bakehouse which they claimed to be the finest in Coventry. They rented a flour mill for £140 a year, and were selling flour at 2d. per stone under the regular retail price. Their capital was £875, their sales for the half-year £2,565, and their net profit £133. They also had twenty-nine acres of land, divided into 285 allotments, varying from five to twelve roods of eight yards to the rood, formerly let at 3s. to 4s. per rood, then let at 2s. 1d. The rent of the land was £200 a year. The society ultimately came to grief—through mismanagement; it was alleged; but the larger portion of the allotments were continued under a new organization, which is still in existence. It is called the Earlesdon Garden Association. A Coventry friend has kindly supplied me with a copy of the balance sheet for the year ending September 29, 1891. The rent paid is £80 7s., and the expenses, including £20 of rates, tithes, and taxes, were £33 16s. 7d. The rents received from tenants

<sup>1</sup> *The Crisis*, p. 135.

were £116 2s. 8d., and the net surplus of revenue over the expenditure during the year was £3 17s. They have an accumulated surplus of £25 17s. 4d. My correspondent says that there are about twenty-four acres of the allotments, and that 'a large amount of benefit has accrued to the tenants, who have got their allotments at about half the amount of competitive rent for such small plots, and have had greater security of tenure. The land is an old take.'

As the first half of the nineteenth century closed in, the enthusiasm for communities was gradually dying out. But the tangible advantages of associated effort were proving very attractive to many, who, while willing to secure a present benefit, did not care to trouble very much about the future. This became manifest in the numerous different forms of association that sprang into existence between 1840 and 1850, and the late Registrar of Friendly Societies (Mr. J. M. Ludlow), when on tour in 1852, as a Christian Socialist, seems to have been very much struck with it. He said :

'It is curious to observe how the idea of uniting their means together, and working on their own account, manifests itself in Lancashire amongst the working classes, in forms not indeed reducible to our categories, but out of which something larger and truer might easily grow. Thus I was taken to see, in Birtle's-yard, Greengate, Salford, a small cotton-dyeing establishment, set up by a single family of nine men, of whom four are at work, on the footing of a common partnership, each member bringing in £9. They are rough hard-working men, accustomed to stand by one another.'

After saying that 'the term co-operative store is not everywhere understood,' but that they often go by the name of 'union shops,' he referred 'to the very interesting little community of Tongfold,' which consisted of eight members who began with £6. Four of these were women, and they made £12 profit in six months. They 'act without rules, on a kind of moral understanding. . . . Of dividing profits they

seem to have no notion, but only of going on from the co-operative oven, which they have already, to the co-operative pig, thence to the co-operative cow, and so forth<sup>1</sup>. In an earlier letter, Mr. Ludlow referred to the Universal Family Society, of Garden-lane, Salford. This society numbered twenty-three members, and, besides keeping a provision store, sold £1,000 worth yearly of regatta shirtings, shirts, and calicoes manufactured by themselves<sup>2</sup>. Of this society he said: 'They have ten looms. Beyond wages they divide nothing, but lay all out in setting men to work. No sacrifice seems too costly for them, no struggle daunts them.' They 'began with 7s. 6d.;' they 'gradually got enough to purchase their first loom;' they 'christened it "Elevator," and toasted success to it in buttermilk. . . . In spite of their energy and perseverance, they seem to be wanting in some of those business habits which so remarkably distinguish Whit-lane.' Whit-lane was another weaving association, and Mr. Ludlow added that the former association 'works in a far higher sphere of moral effort' than the latter. A report, dated May 24, 1852, said: 'Our ten looms are in full operation; . . . and have been producing 120 yards per week each of domestic calico for the last six months. . . . We have to go with the produce into the competitive market, which is *very* keen. We have lately purchased five more looms, but we are short of room to put them<sup>3</sup>.'

The last notice to be found of this Family Society is at the end of 1852, when it was stated that in the latter half of 1851 they had shut up their store, but had taken larger premises in Water-street, to hold thirty looms. The 'allowances' paid to members were somewhat higher than the usual wages<sup>4</sup>.

In Yorkshire, Mr. Ludlow noted the number of co-operative corn mills.

<sup>1</sup> *Christian Socialist*, vol. ii. pp. 212, 227.

<sup>2</sup> *Ibid.*, pp. 264, 199.

<sup>3</sup> *Journal of Association*, p. 179.

<sup>4</sup> *Transactions of Co-operative League*, p. 116.

‘Besides Leeds and Bradford, they are to be found also (frequently by the name of “union mills”) at Halifax, at Birstall, at Thirsk, at Whitby, at York, at Stamford, at Hull, where there are two. There are others, as our list shows, at Lincoln, at Birmingham, and in Devonshire; at Devonport and Stonehouse.’ He then referred to ‘another class of semi-co-operative bodies extensively founded by the middle classes in Yorkshire, of which I regretted not being able to inspect a specimen—the joint-stock woollen mills of the West Riding. An account of them will be found in the appendix to the Commons’ report on joint-stock companies of 1844. The shareholders are all small clothiers, seldom exceeding forty, and they unite on the understanding that “whatever work the partners have to do, they must do it at their own mill,” at one fixed price for the same kind of goods. The business is carried on by a manager, who accounts to the partners; and these associations of small clothiers are said to compete successfully with the large manufacturers. I am credibly informed that they are not generally registered under the Joint-stock Companies Act, and therefore remain out of the pale of the law, as they did seven years ago, when first brought under the notice of the Parliamentary Committee<sup>1</sup>.’

<sup>1</sup> *Christian Socialist*, vol. ii. 1851, p. 340.

## CHAPTER VIII.

### LABOUR EXCHANGES.

THE efforts of so many small bodies of men to engage in associated industry quickly brought to light a great obstacle to success. It was easy in theory to make goods to supply each other's wants, but it was much more difficult to carry the theory into practice. Thus, a watchmaker could make many more watches than the members of his society needed or could use. It was the same with a chairmaker, a brushmaker, and in most trades; while, on the other hand, the baker was very easily kept going by his fellow-members. They therefore soon discovered that a more extended market was required than could be supplied by the members of a small association. The difficulty was no sooner felt than an attempt was made to meet it. The British Association for Promoting Co-operative Knowledge made it one of their objects to 'establish exchanges between co-operative societies, for the sale of their produce, through bazaars or other depots for that purpose<sup>1</sup>.'

William Lovett, who was for a while the hon. secretary of the British Co-operative Association, said that this desire 'induced the British Association to take a large house in 19, Greville-street, Hatton Garden, the first floor of which was fitted up as a co-operative bazaar<sup>2</sup>.' In 1830 brushes were manufactured under the supervision of a committee, and sent to this bazaar<sup>3</sup>. Lady Byron also enabled 'some

<sup>1</sup> *London Co-operative Magazine*, vol. iv. p. 27.

<sup>2</sup> *Life of Lovett*, p. 42.

<sup>3</sup> *History of Co-operation*, vol. i. p. 154.



Spitalfields weavers, who were out of work, to manufacture some silk handkerchiefs,' by placing £100 at the disposal of the association<sup>1</sup>.

Having apparently had a fair amount of success, this Greville-street depot led to a proposal being made in 1832 for 'the establishing of exchange bazaars upon a different and more extended plan;' and

'ultimately one was established in Portland-road, and another at the Gothic Hall, New-road. By this plan, *exchange or labour notes* were issued to the depositor of any article in the bazaar to the extent of its value, which notes were again taken for any article the depositor wanted out of it. . . . Mr. Owen's friends and supporters were very anxious that he also should form one of these exchange bazaars upon a large scale. To facilitate the project, the proprietor of some very large premises in Gray's Inn-road offered the use of them gratuitously to Mr. Owen for one year to try the experiment, on condition that they were to be purchased for a stipulated sum, if the experiment succeeded. The proposal being accepted, the place was opened as "The Institution of the Industrious Classes<sup>2</sup>."

In connexion with the establishment of this bazaar, Lovett gave an anecdote of Owen, which is worth repeating, as it may indicate one probable cause of Owen's failures: 'Great assistance being anticipated from the various trading associations established throughout the country, the use of the premises was offered to them for the holding of their third Congress. . . . Among other invitations a circular was issued, inviting the attendance of members of Parliament.' Owen proposed an amendment to the draft circular, which was rejected by the committee. Notwithstanding this, he caused the amendment to be put in the circular without their knowledge. The committee, on discovering this, sent a deputation to wait on Owen at the bazaar, to 'expostulate' with him. They 'concluded by asking him whether such conduct was not highly despotic? With the greatest composure he answered that it evidently

<sup>1</sup> *Life of Lovett*, p. 42.

<sup>2</sup> *Ibid.*, p. 47.

was despotic ; but as we, as well as the committee that sent us, were all ignorant of his plans, and of the objects he had in view, we must consent to be ruled by despots till we had acquired sufficient knowledge to govern ourselves<sup>1</sup>.

The first public meeting held for the forming of the 'Equitable Bank of Exchange' was held on June 30, 1832, when resolutions were passed deciding to take a number of 'practical measures.' The institution was to be 'formed of the intelligent and well-disposed of the industrious classes ;' and the 'sixth practical measure' arranged for the institution 'to receive provisions, clothes, and other property, and services of every description, to be exchanged on the equitable principle of *labour for equal value of labour*, through the medium of labour notes.' These labour notes were to be measured in hours, and the hour reckoned as being worth sixpence. But,

'as it is not easy in practice to ascertain immediately the cost price of raw materials in hours, or the time and labour that it has taken in passing through the various processes of growth and manufacture, the market price will for the present be the test by which to regulate its value. . . . When goods are brought in for valuation, the *cost price* of the materials, and the value of the *time* occupied in their manufacture, ought to be delivered with them. . . . To cover the current expenses of the establishment a percentage of one-halfpenny in the shilling shall be required on all goods left for exchange by members of the society.' Non-members had to pay one penny. 'When the articles are valued, time notes to the amount of the goods must be delivered at the rate of one hour for sixpence.'

The 'seventh practical measure' was to be the establishment of 'a bank, in which to exchange the labour notes for the currency of the country<sup>2</sup>.' These labour notes were to supersede the use of metallic coins and ordinary bank notes, and were to become a superior kind of money. It was reported that in the first week of the exchange, the labour notes could be exchanged for silver coin at the rate of

<sup>1</sup> *Life of Lovett*, pp. 48-9.

<sup>2</sup> *The Crisis*, pp. 59, 62.

nineteen shillings and sixpence of notes (thirty-nine hours) for twenty shillings in silver. For gold, they had to give half-an-hour more, or nineteen shillings and ninepence for a sovereign; and it was asserted that 'Our notes are already, and will become increasingly more valuable than gold and silver coin<sup>1</sup>.'

The exchange was opened on September 3, 1832, under the title of 'The Equitable Labour Exchange.' The capital was to be raised by deposits of twenty pounds, 'which shall never be recalled by the depositors;' but they might be sold and transferred. Forty-hour labour notes were to be given annually to each depositor of £20 as interest, or equal to 5 %<sup>o</sup>. All surplus profit was to be 'applied to extending the exchange, by providing employment for the industrious classes, and educating their children.' There was a governor, with five directors, a council of seven, and three trustees. What was advertised as a 'splendid ball' was held on September 17, 1832, to celebrate the opening of the exchange. The tickets of admission were 3s. each, and labour notes were taken in payment<sup>2</sup>.

The exchange had not been opened a fortnight when it was reported that 'such has been the multiplicity of deposits, that we were necessitated to close our doors on Thursday night against any further addition to our stock until Monday morning, when the deposits will re-commence.' On October 13, an announcement was made that, 'owing to so many small deposits being a serious hindrance to business, we have decided to receive no lot of goods of less real value than forty hours, or of the nominal money value of twenty shillings<sup>3</sup>.' The actual business transactions of the exchange can be measured by a statement made at the annual meeting of the members of 'The Association of the Industrial Classes,' held at the exchange, on December 31, 1832. The chairman then said 'the weekly deposits, which

<sup>1</sup> *The Crisis*, pp. 112-13.

<sup>2</sup> *Ibid.*, pp. 104, 112.

<sup>3</sup> *Ibid.*, pp. 113, 125.

in the first weeks had not averaged over twenty thousand hours weekly, were now from thirty-six to thirty-eight thousand hours.' If we take the mean of these sums, say twenty-nine thousand hours, and change it into sterling, we get an average weekly deposit during the four months the exchange had been open of £725. At this annual meeting it was also reported that a branch exchange had been opened at the Surrey Institute, Blackfriars-road; and the total amount 'received in loans, donations, and subscriptions, &c., and expended during the year 1832 in purchase of fixtures and furniture, in repairs and general expenses of the establishment, was £4,309 10s. 10½d.<sup>1</sup>'

An insight into the course of business will be given by the following extracts. On November 24, 1832, it was reported that

'The business of the exchange proceeds steadily. The notes issued are daily becoming better appreciated, the mode of business better understood, and consequently the circulation of the notes is rapidly extending. As a specimen of the advantage of the exchange system we may adduce the following fact which occurred last week: A working cabinet-maker, not having employment, presented a tea caddy to a respectable baker in Kensington, requesting to have bread given him for the caddy. The baker not wanting the article, advised the man to take the caddy to the Gray's Inn-lane Exchange, which he did, and there deposited it at 25s., which he said was the cost price. It was valued at 23s., to which the depositor at first objected, but upon looking through the stores he found some veneers and other goods which he was in want of, which were priced so low, that the advantage with which he made his exchange was equivalent to the price at which he deposited the tea caddy. The man was perfectly satisfied, and expressed his determination to continue working for the exchange<sup>2</sup>.'

A darker side was put by a tailor, in a letter to the *Times*. He said :

'Under the representations of the friends of Mr. Owen's system, I borrowed £2 from a friend, purchased the cloth for a

<sup>1</sup> *The Crisis*, p. 174.

<sup>2</sup> *Ibid.*, p. 149.

coat, trimmings, &c., which cost me, in cash, 36s. I made the coat, and took it to the bazaar on Tuesday. I could not get an answer till Friday, when I called in, and, lo and behold! they valued my coat at 32s. in labour notes.'

Mr. Owen sent a reply, in which he said :

'Granting the truth of this statement, our answer is the following explanation, which has, in substance, been repeated a thousand times to the depositors who are misled by the notion of 6*d.* an hour for labour and the cost price of materials. The 6*d.* per hour is merely nominal, and is put to assist calculations. . . . What regulates our real valuation of articles is the lowest market price out of doors. . . . Every person goes to the cheapest market. Except we are as cheap as others, nobody will come near us ; and if nobody come near us to take goods away, it will be to no purpose for depositors to bring them. We therefore value all goods on a scale to secure exchanges ; and by putting them all on one scale, it is perfectly immaterial to depositors, because if they put in low, they take out low ; if they were to put in high they would take out high<sup>1</sup>.'

It will be noticed that Mr. Owen prefaced his explanation by assuming the truth of the statement made by the tailor. But another letter-writer asserted that he was a journeyman with the previous writer ; that he knew the coat was a misfit, and that the cloth could not have cost so much as stated<sup>2</sup>. A third tailor wrote giving his experiences as follows :

'Yesterday I took a coat and trousers (both misfits) ; the great-coat contained three yards of cloth at 12s., the making and trimmings, 20s., together 56s., for which I received £2 14s., 2s. being deducted on account of its being out of size. The kerseymere and trimmings for the trousers cost 15s., making, 7s., for which I received the full price, 22s. I was paid in labour notes within a half-hour from my entering the exchange, which I laid out to my entire satisfaction<sup>3</sup>.'

The labour notes could not long have remained at a premium, for it was soon found that there was a difficulty in

<sup>1</sup> *The Crisis*, p. 123.

<sup>2</sup> *Ibid.*, p. 140.

<sup>3</sup> *Ibid.*, p. 133.

obtaining food in exchange for them. On November 17, 1832, the following announcement appeared:—‘We have made a contract with an experienced baker, who will henceforth furnish to our exchange a full and regular supply of bread (beginning next Monday) on the terms of half cash, half exchange notes, *which will be exchanged on the same terms.*’ It was further stated that they were going to make similar arrangements with other provision dealers; and that in future, while they were going to remove the restriction on the value of the deposits, the commission payable on deposits must be paid in cash<sup>1</sup>.

The above-named contract must have fallen through, for on December 1, 1832, there was another announcement of a like character: ‘After some delay, incidental to new arrangements, we have the satisfaction to inform the friends of our exchange that we have obtained, and shall keep up, a full supply of staple provisions, at half cash, half notes<sup>2</sup>.’ Coals also were announced as being obtainable on the same terms<sup>3</sup>.

Statements made by speakers at different meetings show that the exchange was not giving unqualified satisfaction, even to some of the promoters. At a meeting on December 30, 1832, Robert Owen said, ‘The labour exchange had been commenced and carried on through its first stage; yet he must say that, in its present infant and imperfect state, he looked upon it as little better than a superior pawn-broking establishment.’ And, at the adjourned annual meeting of the members of ‘The Association of the Industrial Classes,’ held on January 7, 1833, a Mr. Waddington said that ‘he considered the money expended had been thrown away; that the exchange system was useless, and would lead to no practical benefit; and that it was just expiring<sup>4</sup>.’

An authentic account of the failure is found in the ‘Transactions of the Co-operative League.’ On May 25,

<sup>1</sup> *The Crisis*, p. 146.

<sup>3</sup> *Ibid.*, p. 149.

<sup>2</sup> *Ibid.*, p. 155.

<sup>4</sup> *Ibid.*, p. 174.

1852, Mr. Nash, who had been secretary to the exchange, submitted to the members of the League a brief history of the attempt. The following is a summary, containing information not already supplied by the extracts from Lovett and *The Crisis* :—

The proprietor of the Gray's Inn premises stipulated for a rent of £1,400 a year after January 1, 1833. He did 'not inform the association of the tenure on which he held the premises, or of his liabilities, and within two hours of the first opening of the exchange a distress was put into them for £150, being an arrear of ground-rent due from Bromley.' Up to this time they had only obtained a capital of £600, and not only had they to pay out this distress, but at the end of the quarter they had a second £150 of ground-rent to pay, notwithstanding that Bromley had offered them the gratuitous use of the premises.

'The amount of wealth which passed through the stores from the 17 of September to the end of the year was £11,140. . . . The notes which commenced at a premium fell in money or saleable value to a large discount, because persons holding them could not find the goods they required in the stores of the exchange, and therefore they were obliged to sell them to others who could make use of such goods as were to be found at the stores.'

At the beginning of 1833, the landlord, who had been closely watching the working of the institution, 'thought that he could apply the system to his own personal profit.' He therefore took advantage of the association not having any legal agreement, and repossessed himself, by force, of the premises.

'Thus ended the attempt which was made to establish the Equitable Labour Exchange in Gray's Inn-road. After a long interval, other premises were obtained in Charlotte-street, where it may be more truly said that the exchange lingered, than was carried on, for a short time<sup>1</sup>.'

<sup>1</sup> Transactions of the Co-operative League, pp. 32-6.

During the inception and working of the Gray's Inn Exchange, efforts were made to establish exchanges in other parts of the country. A Mr. Whittaker went on a tour, and on his return reported that at Manchester the leaders of the co-operators were pleased with the idea, 'but did not think that they could start one at Manchester, on account of the similarity of their trades.' The Halifax men entertained a similar opinion<sup>1</sup>; but at Birmingham, we have the authority of Mr. Holyoake that they started an exchange, which 'produced £350 a quarter profit<sup>2</sup>.' It was also reported at the Liverpool (1832) Congress that the Sheffield co-operators had opened a bazaar, labour exchange, and workman's mart; and at the same Congress, Mr. Pare stated that 'three or four labour exchange banks had been established within the last few months in London<sup>3</sup>.' The last notice relating to a labour exchange is found in *The People's Journal*, 1846, where it was stated that 'a number of tailors and shoemakers are desirous of exchanging their goods with those of other trades, more especially with cabinet-makers, picture-frame makers, and carpenters;' and that 'a place is now open for the purpose of mutual exchange at the Bank of Industry, Margaret-street, Oxford-street, London<sup>4</sup>.'

<sup>1</sup> *The Crisis*, p. 115.

<sup>2</sup> *Co-operative News*, 1877, p. 345.

<sup>3</sup> *The Crisis*, p. 134.

<sup>4</sup> *The People's Journal*, Feb. 1846, p. 16.



## CHAPTER IX.

### REDEMPTION SOCIETIES.

REDEMPTION societies constitute another phase of co-operative effort. They existed at Bury, Norwich, Pudsey, Stockport, and Leeds ; and probably at other places also. The objects of these societies were alike in aiming at the amelioration of the condition of working people ; but there were dissimilarities in the methods they proposed to adopt. In one item they all seem to have been agreed, and that was a penny a week subscription from the members. The importance of this appears to have been generally accepted, for a conference of co-operators held on April 18, 1851, at Bury, passed a resolution to the effect that it is desirable that every member of every store should pay one penny per week as a gift for the redemption of labour, to accumulate until a sufficient sum should be collected to commence practical operations. The London Central Board of Working Men's Associations also had a similar plan of collecting pennies for the redemption of labour<sup>1</sup>.

Of the Norwich Society there is only a slight record. In October, 1850, it was reported that 'A few working men of this city have formed an association for the purpose of employing its members in the manufacture of silk, cotton, and worsted goods upon the principle of associated labour ;' and, a month later, it was said that by penny subscriptions they had collected a small sum, and 'commenced making a few small shawls for winter wear, these being the easiest articles to dispose of. They complain, however, that after

<sup>1</sup> *Christian Socialist*, vol. i. p. 226.

having been cordially received by the merchants in the first instance on going to purchase materials for cash, they were received with coolness on returning, and express their fears lest the merchants and manufacturers should be leagued together to cripple their society<sup>1</sup>.

The Pudsey Redemption Society was apparently an offshoot from the larger one at Leeds. It preferred an independent existence to the status of a branch. In September, 1851, the members numbered seventy, and they were 'collecting funds to found a community in the neighbourhood of their village. There is not a room in the village which can be had on any terms for really Liberal meetings. This evil the friends have determined to remedy, and they have already collected nearly one hundred pounds towards building a lecture room, &c., to be called the "Hall of Freedom," and to be devoted to the discussion of all subjects.' In November a Christian Socialist paid them a visit. They were then 'manufacturing different kinds of cloth'; and they had succeeded in stirring up the 'trades, as bodies,' to discuss the 'co-operative principle in their meetings<sup>2</sup>.'

The Stockport Working Men's Redemption Society was visited by Mr. J. M. Ludlow in 1851; and he described it as

'not a working association properly so called, but a "working men's redemption society," formed for the purpose of gathering together a number of men of different trades, and setting them to work as soon as possible, beginning with the cheapest trade—an aim, you see, not unlike that of the General Labour Redemption Society of Bury.' . . . 'At present the society has fallen to fourteen members, from forty that they once were. Two of its members are employed in shoemaking, besides one binder, and one in making hats. Their premises were opened on the 20th of January last, and at their last stock-taking the stock was found to be worth £40, the capital subscribed having been £22—which would show a profit of 100 %. But I was sorry to hear that they deemed themselves obliged to give

<sup>1</sup> *Christian Socialist*, vol. i. pp. 5, 13.

<sup>2</sup> *Ibid.*, vol. ii. pp. 185, 309.

credit. All profits are to be left in the business, unless members choose to leave, when they can take out 50 % of the profits made on their contributions. Their business is worth £2 to £3 a week<sup>1</sup>.

The Bury General Labour Redemption Society was established on Saturday, September 16, 1850, by the 'Central committee of the iron trades of Bury,' 'for the purpose of enabling the working classes to work out their redemption by union amongst themselves.' Mr. Thomas Rigby has sent me, among other papers, a copy of the rules of this society. They are prefaced by an 'Address to the working classes of Great Britain and Ireland,' and in this address, they said

'The following calculation will show the power which we have by a weekly subscription of one penny per week. In Great Britain there are 6,000,000 adult males; take of these, and of such females as choose to subscribe, 4,000,000, these will yield, at one penny per week, £20,000 weekly, or £1,040,000 a year; this, with compound interest, would amount, in sixty years, to £3,471,129,995 18s. 4d. Now this sum would buy up all the property in the kingdom. Fellow-workers, here lies our power; let us begin at once to use it, and millions yet unborn will bless us for our exertions.'

This very argumentative and eloquent address 'concluded with a poetical quotation, the last two lines of which are:—

'Let the words of the gifted, the good, and the brave,  
Ring out in behalf of the soul-stricken slave.'

In the constitution, the objects were stated to be

'To unite labourers of every grade for the purpose of carrying out and extending the practice of associative labour—(1) By forming working associations of men and women, who shall enjoy among themselves the whole produce of their labour, after the repayment of borrowed capital (if any), with a fair rate of interest thereon. (2) By organizing, both among such associations and any others of combined workmen and capitalists who

<sup>1</sup> *Christian Socialist*, vol. ii. p. 291.

may be admitted into the union, the interchange and distribution of commodities. (3) By reducing the hours of labour in all trades, or amongst the workers of any branch of industry, being members of the society. (4) To purchase and cultivate land upon the co-operative principle, and to provide for education of children, maintenance of widows and orphans, &c.'

At the end of November, 1850, the Redemptionists had organized a small store, with a capital of £30 in five shilling shares, and with a weekly sale of £13<sup>1</sup>. Mr. Rigby has the treasurer's book of this little store. Its sales were as high as £20 in some weeks; and they were on a rental of £3 a quarter. It ceased business in April, 1854, but was quickly followed by the establishment of the present Bury Society, which was largely promoted by Redemptionists, and started business in January, 1856. In the first year they did a business of £3,563; while in 1891 their sales were £288,821, with a profit of £47,730. They began with one employé; in 1891, they had over 200, and have followed out the ideal of the originators, by entering into the several descriptions of what now usually goes by the name of domestic production. In January, 1859, they became butchers; in February, shoemakers and cloggers; and in November, tailors. In November, 1889, they for the first time commenced baking. They also have investments in productive societies and companies to the amount of £42,000, and they spend £1,000 of profits yearly on their educational department.

Going back to the Redemption Society, by January 1, 1851, they had grown sufficiently strong to hold a festival, which was attended by 700 persons<sup>2</sup>; and in February, 1851, they exercised an important influence in successfully determining a labour dispute in favour of the working shoemakers. The masters tried to reduce the price of making a pair of shoes by a shilling per pair. The men refused to

<sup>1</sup> *Christian Socialist*, vol. i. p. 52.

<sup>2</sup> First Report of the Society for Promoting Working Men's Associations, p. 9.

work at the reduction, 'agreeing amongst themselves to work for the members of the Redemption Society on the co-operative principle. This settled the matter. The masters gave way, and the men got the old prices for their work <sup>1</sup>.'

In consequence of the masters' surrender, the men did not go on with their Co-operative Association; but in September of the same year the masters again gave notice of a reduction. 'The men were willing to submit to a partial reduction, but they were told they must submit to all or else pack up their tools and be gone. They have done so, and after three weeks' strike, have come to the determination of working on their own account. They have taken a large shop in the principal street, and on Thursday, October 23, commenced working, and they have plenty of work. The foreman of one of the shops on strike has consented to be their manager.' A later communication stated that they had 'sixteen men at work, and had as many orders as they could attend to <sup>2</sup>.'

The Bury Redemption Society does not seem to have been very energetic; for about this time it was reported that a very interesting conference was held to discuss the means of restoring the Labour Redemption Society to its pristine vigour. Their numbers in July had been said to be about 200; now they were only about 125. The members appear to have had conflicting views on the question of dividing profits. Mr. Ludlow said of them:—'They seem to be the only working men in the provinces impressed as a body with the importance of productive labour, and of attributing profits to labour, and not to capital.' But at a meeting held by the amalgamated iron trades of Bury, in July 1851, called to support the new venture that had been made by the Central Executive of the Amalgamated Iron Trades in purchasing the Windsor Foundry, Liverpool, strong objections were urged against the workmen in the

<sup>1</sup> *Christian Socialist*, vol. i. p. 141.

<sup>2</sup> *Ibid.*, vol. ii. pp. 298, 364.

establishment receiving the profits. It was contended that 'all profits should go towards redeeming the iron trades in other localities, in favour of building shops in London, Manchester, Glasgow, Leeds, and every large town in the United Kingdom, and when that is accomplished, let us associate for homes for our aged and infirm members, and for the orphans of those who have been members, to educate them and fit them for the citizenships of the world<sup>1</sup>.' The spirit of this meeting was apparently very good, as forty-one members took up five shares each in the new Association Foundry; and one member expressed his willingness to go and work for it for 15s. a week for six months, on condition that if it succeeded, he should be then paid the difference between this sum and the usual wages.

The present Bury Co-operative Society do not pay bonus to employes; but, in reply to the inquiry made by the Central Board, in 1889, they stated that they would be willing 'to enter into any general plan' for sharing the Wholesale profits in some manner with the workers<sup>2</sup>.

The Leeds Redemption Society was the largest and the most active of the redemption societies. It was started at the beginning of 1846; and twelve months after its formation it commenced a monthly penny journal called *The Herald of Redemption*. The name was afterwards changed to *The Herald of Co-operation*. This journal lasted eighteen months, and was edited gratuitously by Mr. James Hole, who has allowed me to use his copies of the paper. In July, 1848, the publication of the *Herald* was discontinued at the request of some London friends, who proposed to establish 'a new organ for the dissemination of the great principles of social organization<sup>3</sup>.' The conduct of the *Herald* was characterized by a clear-sighted business capacity superior to anything previously existing in connexion with co-operative publications. Not only were the editorial

<sup>1</sup> *Christian Socialist*, vol. ii. pp. 88, 105, 260.

<sup>2</sup> Congress Report, 1889, p. 41.

<sup>3</sup> *Herald of Co-operation*, p. 154.

duties performed gratuitously, but 'a guarantee has been signed that the society shall not lose by this publication, but if the *Herald* should be a profitable undertaking, the whole of such surplus fund is to be paid into the society.' Further, the state of the law at that date gave a peculiar privilege to the Isle of Man, inasmuch as all papers published there had free postal circulation within the British dominions and elsewhere. The Leeds Redemptionists took advantage of this, and caused their journal to be printed and published in the Isle of Man. The copies were posted thence, at the expense of the State, to the members, who were notified by advertisement in the journal that by using the privilege of gratuitous re-posting they could push their propaganda very easily<sup>1</sup>.

The first number of the paper gave an account of the society, and of its objects. Of the latter it said :

'A fourth plan to rescue society from its evils, and which demands notice both from the notoriety it attained, and its resemblance in some things to the plans which this journal intends to advocate, was the community system of Mr. Robert Owen. The failure, but well-merited failure of this design, was owing to the heterogeneous elements composing it. . . .

'This brings us to the statement of the remedy which the Redemption Society proposes for the great and acknowledged evils affecting society. . . . We intend to unite the labour of all for the benefit of all. . . . To this end we have determined to make an experiment, and give the principle of co-operation a fair trial . . . Men of all religious denominations have attached themselves to the society. It embodies also, amongst its most active workers, men professing all shades of political opinions ;' and it 'has now upwards of 600 members.'

The 'officers at present consist of a president, a vice-president, three trustees, a treasurer, five directors, two auditors, and a secretary. . . . No officer can receive remuneration.' The meetings of the officers were held every Monday, at Austin's Temperance Hotel, Briggate, Leeds ; and a fine of twopence was levied on those who missed attending.

<sup>1</sup> *Herald of Redemption*, pp. 4, 16.

Leeds was divided into fifteen districts ; and members were waited upon weekly for their contributions. The collectors also left tracts at all the houses in the district, and this was found to be a powerful means of obtaining new members. The contributions were sixpence for a copy of rules, and a weekly payment of one penny and upwards. Members were at first admitted for six months only on probation.\* No moneys were returnable to members. 'The contributions are a clear and inalienable gift for ever to the society.' There was, however, another fund, called the 'Allotment Fund,' which had been started to create habits of saving, and this was the private property of the members<sup>1</sup>.

The first annual meeting of the Redemption Society was held on January 6, 1847, in the Music Hall, Albion-street. William Howitt was in the chair, and the Rev. E. R. Larkin, rector of Burton, Lincolnshire, was one of the speakers. During the first year £150 had been collected in penny subscriptions. Joseph Mazzini asked to be allowed to show his sympathy by being enrolled as a member, subscribing threepence a week.

Shortly after this it was notified that a branch of the society had been started in London ; and at home many of the members were taking an active part in the formation of the Leeds District Corn Mill ; Mr. Eggleston, one of the members, taking the chair at the first meeting called to consider the project. This meeting was attended by over 800 persons. Referring to the mill project, the *Herald* said 'The Redemption Society is organized for the prosecution of a communal scheme ;' but 'those who prefer the share system should labour in it, and the Redemption Society will render them all the assistance that lies in its power<sup>2</sup>.'

On August 11, 1847, a special general meeting was held to consider the most important matter that the Redemp-

<sup>1</sup> *Herald of Redemption*, pp. 2, 4.

<sup>2</sup> *Herald of Co-operation*, pp. 31, 36, 40.



tion Society had yet had before it. A Mr. Williams, who had been in America, and had returned imbued with a communistic spirit, offered to present to the society an estate at Garnlwyd, in Carmarthenshire, South Wales, worth £5,000, but subject to a small mortgage. A plan of the estate was submitted to the meeting, and the chairman reported the results of a visit paid by him. The estate consisted of 220 acres. Ninety acres could be entered upon at once. The soil was a rich loam, but not deep. It was, however, capable of giving good crops. There was a plentiful supply of water of good quality; and there was a waterfall of over six feet. The country was hilly, with very little timber; but there was lime, coal, stone, and clay on the estate. There was 'a canal three miles off, and a railway talked of.' It was estimated that at least £3,000 would be required to equip and work the estate; £150 was promised in the meeting.

A further meeting was held on September 8, 1847, in the Court House, Leeds. There was again a large attendance, and the total amount of subscriptions paid or promised was announced to be £344. Subscriptions after this seem to have come in very slowly, for in February, 1848, the *Herald* made an appeal, saying, 'One million of farthings would enable the Redemption Society to commence at once;' and on May 31, 1848, the president stated to the members' meeting that they had only £200 in the bank towards the £3,000 required. At this meeting, also, additional details of the estate were given. It was worth at least £40 an acre. There was a mortgage on it of £1,200, and they had promised to re-convey the estate to Mr. Williams if they did not use it<sup>1</sup>.

The following outline of the proposed method of using the estate is extracted from an address published by the Redemption Society:—

'It is the society's intention, first of all, to put the land in the

<sup>1</sup> *Herald of Co-operation*, pp. 65, 66, 105, 154.

best possible agricultural condition. Simultaneously with this, building on a limited scale, proportionate to the wants of the persons settled on the estate, and to the means of the society, will be proceeded with; but nothing will be attempted which the amount of its funds will not warrant. The smaller handicraft trades will be set on foot in the first instance; and, as the society's resources increase, factories will be built, and the more important branches of manufactures carried on from the common fund. . . . The associates or labourers on the estate will be elected from among the members, . . . in proportion to the requirements of the undertaking, . . . by the directors: who will try to choose those best adapted. . . . Each associate will be provided with a separate house, or set of apartments, fitted up and furnished with becoming neatness and comfort. . . . The industrial operations and the general affairs of the society's enterprise will be superintended by a governor or manager, assisted by a committee of the associated workmen. . . . The rule will be for all work to be done by the members themselves, with the fewest possible exceptions, from the laying of the foundation stone of the first cottage to the finishing of the most highly-wrought machine in the factory. The articles of daily consumption will be drawn as far as may be from the produce of the estate itself; and the cooking operations conducted upon the most scientific and economical principles. A table d'hôte, or common table, will be provided; but the associates will be at liberty to take their meals in their own houses or apartments. . . . In this matter, and in those of ordinary and trivial domestic detail, the society will interfere as little as possible with the arrangements made by each associate for the comfort of himself and family; but it will take care to render the position of each, with respect to dwellings, food, clothing, and education, superior to that enjoyed by working men under the present competitive system, and will expect that each will do his duty to it in return.<sup>1</sup>

The suspension of the publication of the *Herald* caused a break in the records of the Redemption Society, and the gap continued until the commencement of the *Christian Socialist*, in 1851. One notice in the *Socialist* is by Mr. Ludlow, who, writing from Leeds, said: 'The Redemption Society in 1850 supplied its unlocated members with farm

<sup>1</sup> *Herald of Co-operation*, pp. 131-3.

produce to the amount of £38 15s., and spent in draining its farm £139 14s. 4d.; besides which it entirely supported twelve of its members located on the estate. . . . The number of members is, 435 full members and 329 candidates, and they are enrolled<sup>1</sup>.

In February, 1851, the following summary of the fifth annual report of the society was given :

‘In the management of their farm in Wales they are getting over the difficulties arising from a recourse (at first indispensable) to hired labour. The persons so employed having been found neither to be so economical nor to show the same forethought and watchfulness for the society’s interest as their own members, they have come to the determination that they will, when practicable, elect more members whenever more strength is wanted. It is mainly owing to the exertions of the members already employed on the farm that the society is enabled to show, in the second year of practical operations, that the community is self-supporting. They have begun to join handicrafts to agriculture, in the very successful employment of a shoemaker on the farm. This trade once established they will proceed to organize others, such as tailoring, hatmaking, &c. But much larger building accommodation is required on the farm. The financial position of the society is satisfactory; they have opened four new branches, and have added nearly five hundred members and candidates to the society during the year. Their bank balance is £101, besides petty cash<sup>2</sup>.

On Whit-Monday, June 8, 1851, a Congress of the Redemptionists was held in Leeds, to consider the best means of speedily raising the necessary funds for the erection of the communal buildings on the society’s estate, and also a proposal for starting in the shoe, hat, and other trades<sup>3</sup>. At this Congress, plans of the proposed buildings were submitted, and gave great satisfaction. Dr. Lees also gave an interesting and cheerful statement respecting the condition of the estate and of the members located thereon. It was ultimately agreed to raise a capital of £1,000 in £1 shares

<sup>1</sup> *Christian Socialist*, vol. ii. p. 266.

<sup>2</sup> *Ibid.*, vol. i. p. 117.

<sup>3</sup> *Ibid.*, vol. i. p. 244.

to prosecute the manufacture of shoes and clothing for the benefit of the members<sup>1</sup>.

At the end of July, 1851, it was said that 'the latest news from the Welsh community is of the most cheering description. The hay has been nearly all got in, and the other crops look well. The residents enjoy excellent health, and live together in peace and harmony.' Later on it was reported, 'Our friends at the community commenced their corn harvest on Saturday, August 16, and are in high spirits respecting the grain crops<sup>2</sup>.'

On November 17, 1851, the directors elected 'two more shoemakers for location in the community;' and these men went to the estate on December 13 'in order to make shoes, &c., for the store in Leeds<sup>3</sup>.'

In May, 1852, a cloud was rising. It was stated that 'the heavy payments charged upon its farm in Wales appear greatly to hinder the prosperity of this, the only existing attempt at an English home colony<sup>4</sup>.' In 1853 or 1854, the experiment was given up, and in accordance with the terms of the gift, the estate was returned to the donor.

The members of the Redemption Society were very active in their propagandist efforts. Public meetings, and what were called camp meetings, were frequently held. Branches were established not only in London, as previously mentioned, but at Bradford, Brighton, Coventry, Huddersfield, Longton, and other places. Subscriptions were collected weekly, and for a long period were acknowledged in co-operative publications. The following, taken from the *Christian Socialist*, is a fair sample: Moneys received in the week ending August 23, 1851: 'Leeds, £1 19s. 10d.; London, per Mr. Kingsbury, 2s. 5d.; Brighton, per Mr. Kilminster, £1 14s. 6d. Building fund: Leeds, 9s. 6d. Propagandist fund, 1s. 11½d. (communicated by J. Hender-

<sup>1</sup> *Christian Socialist*, vol. i. p. 270.

<sup>2</sup> *Ibid*, vol. ii. pp. 88, 152.

<sup>3</sup> *Ibid.*, vol. ii. p. 299.

<sup>4</sup> *Journal of Association*, p. 173.

son, secretary, 162, Briggate).’ About this time the number of members was reported to be 1,488<sup>1</sup>.

At a camp meeting, held on Sunday, July 27, 1851, a Wesleyan minister ‘obtained permission to address the meeting, and he repeatedly denounced the society as the “Redemption bubble.” He declined to enter into a discussion, but stated his willingness to meet a member of the society at any time, and prove that the society was unjust in principle.’ Dr. Lees accepted the challenge, and the discussion came off in the Music Hall, Leeds, on Wednesday, July 30, 1851. The Wesleyan (Mr. Mallinson) objected to ‘the inefficiency of the means to accomplish the end proposed;’ and to ‘the infidelity of collecting pence on Sundays.’ Dr. Lees ‘defended the co-operative principles of the society; showed that the society only promised to do what it could with the means furnished by the members; and took his stand upon the principle that it is lawful to do good on the Sabbath day.’ In consequence of this discussion, several persons became candidates for membership in the society<sup>2</sup>.

In January, 1852, a store was opened at Trinity-street, Leeds, by members of the Redemption Society. It was duly enrolled, and provision was made for a portion of the profits being ultimately devoted to the use of the community in Wales. The latter supplied it with cheese, butter, and boots. At the store, too, they began their own tailoring, and the cloth was manufactured by some of the Redemptionists.

The society also claimed to have been of service in other directions. Of the Leeds Corn Mill it was stated that ‘most of the members of the Redemption Society in Leeds are also members of the Leeds District Flour Mill; in fact, it was mainly founded by members of the board, and all the presidents have hitherto been members or supporters of it.’ This was written in May, 1851, and the same writer said: ‘The Halifax Co-operative Store was started, and is conducted by the leading members of our branch.’ In July,

<sup>1</sup> *Christian Socialist*, vol. ii. pp. 88, 152.      <sup>2</sup> *Ibid.*, vol. ii. pp. 88, 105.

1851, the editor of the *Christian Socialist*, speaking of the state of the law, seemed to infer that nothing had been attempted in the way of getting the law improved except by themselves. Dr. Lees, however, wrote a reply, saying,

‘The *Socialist* is labouring under a strange mistake in reference to our society’ (the Leeds Redemption). ‘Years ago, however, we directed public attention to the necessity of altering the law, and, before your association existed, we were at the expense of sending a deputation to Sir George Grey, and of petitioning from *all* our branches for the alteration of the law. We asked many of the known societies to unite with us in a common effort for the common good ; but all declined save our own *corn mill* co-operators, who paid half the expense of the deputation.’

The editor, in a note, expressed his approval ; thus indirectly admitting their claim to having been first to move for the reform of the laws affecting industrial societies<sup>1</sup>.

Several old members of the Redemption Society, including Mr. James Hole (London), Mr. Shufflebotham (Coventry), and Mr. W. Campbell (Leeds), have informed me that the society ceased to exist in 1855. All its debts were paid in full ; and there was a surplus, which was divided among some Leeds public institutions.

•  
<sup>1</sup> *Christian Socialist*, vol. ii. p. 75.

## CHAPTER X.

### CHRISTIAN SOCIALIST ASSOCIATIONS.

A LITTLE more than forty years ago a small knot of young men, calling themselves Christian Socialists, formed a Society for Promoting Working Men's Associations. At that time there were certain features in connexion with some of our industries as bad as, if not worse than, those we have at present; and 'the awful pictures which appeared in the *Morning Chronicle* in the autumn of 1849 of the state of the tailors and needlewomen of London were the immediate cause of the formation of the society<sup>1</sup>.' Although the late F. D. Maurice is usually called the founder of this society, the late Registrar of Friendly Societies (Mr. J. M. Ludlow) is really the man. At the Working Men's College annual supper, held on December 21, 1889, Colonel Maurice, the son of F. D. Maurice, said that 'John Malcolm Ludlow was the founder of the movement; and he brought in my father, by the force of his strong will, after the first meeting had been held.'

This society lasted about three or four years; when the promoters, as they called themselves, gave up the task in despair, believing that the working classes were not yet sufficiently well trained to be successful in the conduct of co-operative associations. They thereupon founded the Working Men's College, Great Ormond-street, where the

<sup>1</sup> First Report of the Society for Promoting Working Men's Associations, p. 6.

disheartened propagandists turned themselves into school-teachers, Thomas Hughes conducting one class for the study of the Bible, and another for the practice of boxing. The college has proved a great success. Latterly it has become closely connected with the co-operative body ; and is carrying out the intentions of its founders, by doing all that it can to promote the co-operative education of co-operators.

Mr. Ludlow was exceedingly reluctant to break up the Society for Promoting Working Men's Associations, and he and two others, Messrs. Hughes and Neale, not only continued to take a passive interest in co-operative progress, but readily gave their services in legal and other matters to the northern co-operators, whenever such services were asked for. In the last few years, several other members of the old Christian Socialist body have been attracted by the great success of co-operation, and have renewed their efforts to promote its further development.

The great literary ability of the Christian Socialists has given extraordinary prominence to the work they attempted. It has also caused to be preserved a very complete record of their efforts, and the results thereof ; so it is an easy matter to allot to them their proper place in co-operative history. During their existence they successively published a *Christian Socialist* journal and a *Journal of Association* ; and, in addition, a number of tracts explanatory of the objects of the Christian Socialists. In 1852 they published their first and last report, and in it, they gave a very complete view of their proceedings.

The Christian Socialist inspiration came from France, mainly through Ludlow. He made an exhaustive investigation of the workmen's associations that were started in France by Louis Blanc and others after the Revolution of 1848 ; and became firmly convinced that similar associations would be beneficial in England. Tract No. 4 of the Christian Socialists, which was written by him, gives a very full account of the French associations.



Up to July, 1852, the Society for Promoting Working Men's Associations had expended in propagandist efforts £397, and they had lent to five distinct workmen's associations £1,222, of which £203 had been repaid. These associations had also received additional help from members of the Christian Socialist body, but 'all other moneys advanced to the associations have been advanced as private loans, and have not passed through the treasurer's hands.' Twelve associations—namely, three tailors, two builders, three shoemakers, one piano-maker, one printer, one smith, and one baker—were started or helped by the society. In their report they also said that several other societies, including a Needlewomen's and a Ladies' Guild, had been helped by one or more of their members, but not in connexion with the society<sup>1</sup>.

At the first meeting of the society there were 'eight or ten gentlemen, and two or three working men.'

'We determined,' said the report, 'to start an association of tailors, choosing this trade because we had already a man whom we could thoroughly trust as manager, and because we could immediately ensure a certain amount of business to the association by becoming ourselves its customers. . . . We have to confess that our first attempts to carry it out were all wrong. We assumed that all the slop-workers of London must be alive to the evils of their position, and ready to try patiently and meekly any plan which offered a deliverance. We did not therefore take any pains to select the men for our experiment. We called together large bodies of tailors, and told them what we intended to do, and then accepted the first that put down their names, with scarcely an inquiry as to their characters, and set them down together at once in the house we had taken at 34, Castle-street, Oxford-street, to work out the great principle of association, and show the world what brotherly labour and self-government could do for working men<sup>2</sup>.'

In a history of the Working Tailors' Association, by the manager, Walter Cooper gave an insight into the life of

<sup>1</sup> First Report of the Society for Promoting Working Men's Associations, pp. 25, 26.

<sup>2</sup> Ibid., pp. 6, 7.

the Association. After fitting up premises in Castle-street, and purchasing stock, twelve of them began work on February 1, 1850;

'the greater number of whom were taken on their own recommendation, professing themselves friendly to the object. We were full of enthusiasm, and, I doubt not, of good intentions; but, alas, how little did we comprehend the greatness of the work in which we were engaged, or anticipate that spirit of self-sacrifice that would be necessary to insure success! We called each other brothers, sang songs about "labour's social chivalry," and did wonders in the way of work and profit, and, for four or five months, all went smoothly enough. But the slack season came, for which we had not provided, and brought with it those terrible evils, jealousy and disunion. . . . I believe all of us talked too much about rights, and thought too little about duties!'

The disunion thus referred to, was the expulsion of several of the associates. While the manager was absent in September, 1850, he received a letter from the council of the association, 'urging his return, and referring to the state of the accounts in a manner which he considered to be insulting. He immediately returned to London, and required the withdrawal of the letter. The associates refusing to do this, Mr. Cooper discharged the council who had signed it as a means of bringing the matter to an issue. The discharge was not accepted by the associates, saying that if the council were discharged, they should all consider themselves discharged too.' The 'promoters' of the Society for Promoting Working Men's Associations took the part of the manager, and after considerable discussion and negotiation, they decided that the association must be considered as practically dissolved by internal dissension. Their investigation resulted in the conclusion that the manager had 'on several occasions departed from the laws of the association.' They, however, thought that it was 'from mere forgetfulness, sometimes from an over-anxious desire not to interfere with the independence of

<sup>1</sup> *Christian Socialist*, vol. ii. pp. 37, 38.

the shop. Sixty mistakes in the accounts,' they reported, had been 'satisfactorily cleared up with the exception of four,' and they thought that 'the manager did not wish to suppress or garble the accounts.' They consequently entrusted to the manager and three other associates the task of reconstructing the association, and eleven of the old associates were thus voted out<sup>1</sup>.

Those expelled formed a second association, and 'declared that they would do without the assistance of capitalists. This little association lasted half a year. They started with a capital of £3 12s., and they gave credit. 'For want of capital they were compelled to dissolve,' their books standing thus: assets, £20 2s. 8d.; liabilities, £4 19s.; leaving £15 3s. 8d. outstanding debts to be collected and distributed among the members<sup>2</sup>.

In No. 2 Christian Socialist tract, Thomas Hughes also gave a history of the Castle-street Tailors' Association. The promoters took a lease of the premises for three years; and, besides fitting them up, lent £350 to enable the tailors to commence business. The promoters reserved the right of veto on the appointment of the manager until the loan was repaid. The manager was the nominal owner of the stock and fittings, and the promoters were secured by a bill of sale and mortgage of lease.

'The first month sufficient business was done to keep all the men at work nine and a half hours a day on an average; and their wages averaged £1 a man per week for that period. In the second month the men worked on an average ten hours per day, and obtained an average wage of £1 2s. 6d. a man. . . . There are now twenty-four men at work; the workshops are large enough to contain with comfort one hundred and twenty men at work.'

An extract from the *Edinburgh Review* gives us a few additional details:—

'The manager, Mr. Cooper, who is absolute master until the association has repaid the capital advanced to it, receives a

<sup>1</sup> *Christian Socialist*, vol. ii. pp. 62, 68.

<sup>2</sup> *Ibid.*, vol. ii. p. 300.

salary of £2 per week ; the other members work by the piece, according to a fixed tariff of prices. All the work is done on the premises ; no Sunday labour is allowed. Interest at the rate of 4 % is paid on capital lent. One-third of the net profits is by common agreement devoted to the extension of the association by the admission of new members ; the remainder is to be divided among the workmen in the ratio of their earnings, or otherwise applied to their common benefit <sup>1</sup>.

On July 23, 1852, a conference of representatives of co-operative associations was held in London. The speeches made by the delegates gave a fairly comprehensive view of the position of the other associations.

At this conference, Mr. Bowen, of the City Working Tailors' Association, said that they started in 1850 with seventy-eight men. A number left them while they were framing the rules. As they had very little capital, they took a shop at the top of a house in a by-street. They did not succeed, and had to break up ; but at the end of May, 1852, they started again with the help of Messrs. Neale and Hughes. They numbered twenty-five members.

The Pimlico Builders was one of the most successful of the associations. It

'grew out of what was called the "Four o'clock Movement," namely, the resistance offered two years ago by the working builders to two employers who tried to keep their men to work till half-past five instead of four on Saturdays. The men who had struck work subscribed a small capital to set themselves up in association, and were largely helped by Mr. Neale. Their business had been increasing since the commencement. They had fifty-eight members, of whom twenty-eight were continually at work, besides several labourers and boys, and paid from £60 to £80 a week in wages. They had executed large contracts, had built about twenty houses, and had a stock worth £4,700, with £1,000 worth of orders in hand.'

The history of another Society was given by a Mr. Pickard, who

'reported that the Working Builders' Association began in the

<sup>1</sup> *Edinburgh Review*, January, 1851, p. 18.

spring of 1850, but after working together about seven months they broke up, entirely through disagreement among themselves, and not through ill-success, since they divided a profit of £235. Five of the members, however, kept together, and formed the nucleus of the present North London Working Builders' Association, which had carried on business since May, 1851, to the extent of £4,000 or £5,000. Mr. E. V. Neale had furnished all the working capital, but they subscribed 2s. 6d. a week on £5 shares. There had been from thirty-five to forty men at work during the last three months, although there were fewer now. They would be worth clear, if the association were now wound up, from £800 to £1,000, made during the last sixteen months. . . . They had built the society's hall, in which they were now sitting.'

Mr. Watson, manager of the London Co-operative Bakery, explained that this society was the successor to the Working Bakers' Association, which began early in 1850 with great enthusiasm.

'But want of capital and the smallness of their premises cramped them, and several of their members cheated them, so that they had to re-organize the association upon a different footing, giving the manager the same powers of immediate discharge as an ordinary master. They employed at present three men, and had employed five. . . . They had done a business of £1,700 in the first year, and £1,600 in the second, and could appreciate the benefit of being legalized, from the robberies to which they had been subjected.'

The following extracts from the report of the meeting give information of other societies:—

'Mr. Isham said that the Working Printers' Association had six associates at work, and employed, occasionally, from twelve to fourteen men. They began on February 14, 1850, with a small stock, and by the assistance of the promoters, and of Mr. Neale especially, they had now a stock worth £600. They did business to the amount of £700 a year, and were in a fair way of doing well.'

'Mr. Livesey reported that the Working Smiths had only existed a fortnight. . . . They had some orders to start with. The Pimlico builders would keep two of their men at work.'

'Mr. Locke reported that the Working Pianoforte Makers'

Association had been getting worse and worse off every day since they commenced business as an association in the early part of last year (assisted by Mr. Neale) on the bankruptcy of their late employer. This was in consequence of the prices of the greater portion of their work being regulated by a contract taken by the bankrupt at a less price than the goods cost him; so that when they discovered this, they had to take off 15, and then 20% from their earnings. They had lost £250 in all, and the 20% would make their loss £500. Their mode of doing business was this—they supplied a London dealer, who supplied country dealers, and they the public. Their great difficulty was to get into direct communication with their real customers, instead of selling to this dealer, who frequently made cent. per cent. on their wares. He (Mr. Locke) had, however, lately been on a tour through the country to solicit orders, and had been well received by country dealers, who promised to take goods of them. They had fourteen associates and two non-associates, besides four boys at work, and paid £32 weekly in wages.'

'Mr. Simmons, on behalf of the Working Shoemakers' Association, reported that the association had been very unfortunate, but was now recovering itself. It employed seventeen men, and seven women as binders, four men being employed on the premises. The great difficulty with the working shoemakers was to make them work together, without which there was no control over their work. Their sales were £25 a week, and the wages paid amounted to between £16 and £18 a week<sup>1</sup>.'

This Shoemakers' Association was still in existence in 1863; a writer in the *Quarterly Review*, speaking of the Christian Socialist 'associations having mostly disappeared, or become mere private undertakings,' went on to say,

'one of these concerns, that of the Associated Shoemakers, in Tottenham Court-road, has for some years been going on well. The gentlemen who advanced the capital have received a fair interest, while the profits have been divided among the workmen ratably in proportion to the wages earned by each<sup>2</sup>.'

All the above associations were formed on a uniform

<sup>1</sup> First Report of the Society for Promoting Working Men's Associations, pp. 37-50.

<sup>2</sup> *Quarterly Review*, October, 1863, pp. 446, 447.

plan. The Christian Socialist Tract, No. 5, explained fully the organization of the parent society and of the dependent associations. All business between the society and the associations, and the associations and the public, was to be transacted by the promoters. A Central Board was formed, consisting of the manager and one delegate from each association. This Central Board regulated the relations of the associations to each other, and, with the concurrence of the Council of Promoters, those of the united associations with the public at large. It had to send its minutes to the Council of Promoters. A kind of labour exchange was provided for by the following clause:—

‘A general interchange, established on just regulations, by which any association may bring its goods to the depot, and charge for them—so much for labour, and so much for materials; and take in exchange for them such articles as the association or any of its members may need, valued in the same manner, taking one pound’s worth of the labour of other associations for one pound’s worth of the labour of their association; and one pound’s worth of the materials supplied by other associations for one pound’s worth of material supplied by their association. Any unavoidable excess of the value of labour over that of materials must be regulated by cash payments, which will be applied to the purchase of commodities in most general demand.’

The constitution of the associations provided that an allowance should be regularly paid to the workers, to represent the wages obtainable from an ordinary employer, and which allowance ‘shall be a fair day’s remuneration for a fair day’s work. The net surplus, or the profit of the present system, shall be equally divided between all the associates, in proportion to the time they have severally worked.’ One-third of the profits at least was to be kept to increase the capital; and the capital was to be equally shared among the associates, who might receive interest on their share, and assign their right to the interest, but could not receive payment of the principal.

A provident fund had to be formed, and maintained

either by weekly contributions from the members, or by a proportion of the profits.

Hired workmen were to be paid the same wages or allowances as the associates, and an additional sum in lieu of a share of the profits. The hours of labour were not to exceed ten a day, except by the assent of the Central Board and the Council of Promoters. The accounts were to be balanced not less than twice in a year, and audited by an accountant chosen by the promoters, but paid by the associations. The Central Board had control of the prices of articles sold by the associations, so 'as to prevent either a monopoly or unfair competition.'

Although the constitution of the associations was definitive in its method of dealing with the profits when there were any, there seems to have been some difference of opinion between Mr. Ludlow, who may be looked upon as the originator of the plan in use, and Mr. E. V. Neale. At a special conference of associates and promoters of working men's associations, held in April, 1851, Mr. Neale proposed the following resolution:—

'That it is desirable to invite the associates to form themselves into a General Industrial Society, for which legal sanction shall be obtained.'

Mr. Neale pointed out that at present the builders had higher wages and bigger rates of profits than the shoemakers. He would not touch the allowances in lieu of wages; but

'now it was proposed that the profits of all the associations should form a common fund, some portion of which should be applied to certain general purposes of common utility, another portion to be appropriated as a reserve fund, as a guarantee to discharge the obligations of the society, and extending its operations, the remainder being divided among all the associates according to the amount of labour performed by each, the rate of profit being the same to all associates. It was also proposed that all associates working in the same trade should form one association, so that they might distribute the work more equally, without entering into competition with one another.'



The associates in the conference nearly all objected to Mr. Neale's proposal<sup>1</sup>.

At this time, Mr. Neale had taken a principal part in forming the Central Co-operative Agency; and, at a meeting held in June, 1851, when he was in the chair, Mr. J. Woodin (one of the managers), speaking of the constitution of this central store, said:—‘Under this arrangement there is no inducement for fraud; for, as the managers have a fixed salary, large profits do not benefit them.’ And Mr. Neale, in a letter to the editor, claimed that

‘The co-operative store, with its centre of commercial operations, is at the present time the most important part of the associative movement. But, secondly, I maintain that it is at present not only the most important institution, but the one most truly expressive of the true principle of association, that is the union of interests hitherto conflicting. In the working association, as it has been constituted up to the present time in London, there has been but little attempt to reconcile the interest of the capitalist and the producer, none to reconcile those of the producer and the consumer<sup>2</sup>.’

To this Ludlow replied:

‘But there is this great difference, and one altogether, as it seems to me, to the advantage of the Working Association, that the agents employed to direct and distribute production, whether called managers, foremen, or otherwise, are regularly admitted to a share in the benefits of the association, whether by way of profits or otherwise, whilst it does not seem to be recognized as needful that the agents employed by the consumer to direct and distribute consumption, should have a share in the benefits of the co-operative store<sup>3</sup>.’

The concluding portions of the report of the Society for Promoting Working Men's Associations, show that the Promoters had discovered some of the mistakes they had committed:—

‘The society has for some time past determined to discourage advances of money to bodies of working men about to start in

<sup>1</sup> *Christian Socialist*, vol. i. p. 212.

<sup>2</sup> *Ibid.*, vol. i. pp. 261, 262.

<sup>3</sup> *Ibid.*, vol. i. p. 274.

association, unless they have first shown some signs of preparedness for the change from their old life, and have subscribed some funds of their own. This has been done, because it has been found very necessary to have some proof that men have foresight and self-denial before they should be encouraged to associate. Working men in general are not fit for association. They come into it with the idea that it is to fill their pockets and lighten their work at once, and that every man in an association is to be his own master. They find their mistake in the first month or two, and then set to quarrelling with everybody connected with the association, but more especially with their manager, and after much bad blood has been roused, the association breaks up insolvent, has to be re-formed under stringent rules and after the expulsion of the refractory members. One illustration of these positions we shall mention, and one only, as it is useless to rip up wounds which have in many cases healed entirely. In the first nine months of our life as a society we set up three sets of shoemakers in association, supplying in two instances the whole of the funds, and in the other all but £5. None of the men were picked, we accepted them just as they came to us. We gave to them absolute self-government, merely reserving to ourselves certain rights of interference in cases of dispute or mismanagement while any capital remained due to us. Each one of these associations had quarrelled with and turned out its original manager within six months; one, the West End Bootmakers, went to pieces altogether before nine months had gone. The other two struggled on till the beginning of the year, never paying their way, and continually quarrelling. By the joint assent of the Council and the Central Board, they were then amalgamated, and some of the worst members turned out; but still matters went wrong, until, in May last, we were obliged by another great outbreak and threatening insolvency to take away all self-government from the associates, leaving them only in cases of tyranny an appeal to the society against their manager. . . . Where the associations are successful the great danger which they and all who are interested in them have to guard against is exclusiveness. The associates find their own position greatly improved, and fear to endanger it by taking in new members. They are apt, therefore, to make too stringent rules as to admission, and to require payments from new members proportionate to the capital which the society has gained, and such as few of the most skilful of working men can pay out of their present wages. The effect of this will be

that a great many small associations will spring up, instead of a few large ones, unless working men will look forward and take a broader and more Christian view of their work. These small associations will compete with and ruin one another<sup>1</sup>.

Mr. J. B. Leno, of Drury-lane, who was a working member of the Printers' Association, has sent me the following note:—

‘When I left, with Dodd, the Printing Association, through the manager failing to furnish accounts, it was practically dead; that is, the manager did as he liked, and there was no sharing of profits. As his, it lasted some five or six years after. The same is true of the Shoemakers in Tottenham Court-road. It became the sole property of Christmas, the manager. The builders of Chelsea’—(Pimlico?)—‘broke up, after dividing their profits, about the same time as the printers. Castle-street Tailors lasted much longer as an association; I should think till 1860, or about.’

<sup>1</sup> Report of Society for Promoting Working Men's Associations, pp. 32, 33.

## CHAPTER XI.

### BEFORE LIMITED LIABILITY.

THE societies referred to in the preceding chapters laboured under great disadvantages owing to the difficult position in which they were placed by the state of the law. According to Mr. Hughes, under the Friendly Societies Act, 1834,

‘it was competent for societies established for any purposes not illegal to register, and by registration to obtain the power of trading in the name of trustees. But the Friendly Societies Act of 1846 repealed the permissive clause of the Act of 1834, and enacted in its place that in future before any society (other than an ordinary Friendly Society) could be registered, its purposes must be certified to be legal by the Registrar—a very different thing in practice, the obtaining of a certificate from the Registrar proving a formidable obstacle to small bodies of labouring men in remote country places<sup>1</sup>.’

Obtaining registration under the Act of 1846 proved a formidable operation even to the Leeds Corn Milling Society, which started in a very strong and prosperous manner. Their first rules were rejected by the Registrar as illegal, and although they appealed to the Attorney-General, they had to alter them to meet the requirements of the Registrar. When they were thus registered, they found that they could hold personal property only through the medium of trustees, but that they could not legally hold real property in this manner. Real property had to be

<sup>1</sup> *History and Objects of Co-operation*, p. 6.

conveyed absolutely to the trustees, and it depended on the honesty of the latter whether the society retained the beneficial use of it or not<sup>1</sup>. A meeting was held on May 3, 1848, in the Court House, Leeds, to consider this state of the law. The mayor presided, and the meeting determined to send a deputation to the Home Secretary, Sir George Grey, to urge upon him the necessity of altering the law. A deputation consisting of Messrs. Green and Larkin waited on Sir George the next day, May 4, and they were authorized to speak in the names of the 'flour-mill societies of Leeds, Lincoln, Louth, Leicester, and Pontefract,' besides a number of friendly societies. Sir George admitted the justice of their representations, and there, for the time, the matter ended<sup>2</sup>.

Other defects in the Act of 1846, and in the law generally as it then stood, were that a society registering under it could only deal with its members. To sell to anybody else was illegal. Again,

'Each member of an association could in most cases pledge its goods and credit, and steal its money, without any effectual remedy.' At 'the ribbon mill of Congleton, a member took a large quantity of stock, and retained it at home. The other members consulted a solicitor, but were told there was no *legal* remedy against a fellow-partner. In consequence of this, some of them accosted the delinquent, and held him in conversation at one end of the town, whilst others walked into his house at the other end and took back the goods<sup>3</sup>.'

While it was thus possible to register associations to produce what the members themselves could consume, it was impossible to do so for associations that had to produce goods to sell to the public ; and

'if the number of members were less than twenty-five, they were all partners ; consequently, under the law as it then stood, every individual member had power to pledge the credit of the society, and might have made away with the common stock ; while the

<sup>1</sup> *Herald of Co-operation*, p. 136.

<sup>2</sup> *Ibid.*, p. 151.

<sup>3</sup> First Report of the Society for Promoting Working Men's Associations, p. 51.

only remedy against such dishonesty was a suit in Chancery. If the association numbered more than twenty-five, it placed itself out of the pale of legal protection, unless it chose to register under the Joint-Stock Companies Act, the provisions of which, being wholly framed for bodies of persons subscribing capital merely, and not labour, were totally inapplicable, and too expensive in any case to be of use.'

The Christian Socialists got over the difficulty as well as they could by vesting the whole property of each of their associations in trustees, 'giving them power at any moment to enter and deal summarily with the property' <sup>1</sup>.

Under these conditions it cannot be surprising that such statements were made as the following:—'The working men at present did not care about association. . . . They felt there was a want of legal security; the law was against them, and they knew it.' And again, 'Several attempts have been made to commence manufacturing, but the law of partnership, as it exists, has always been the great difficulty. It intimidates the most intelligent classes who have a little capital at command, and consequently the fittest persons, if well inclined, to promote the object of these institutions. They wish for limited liability' <sup>2</sup>.

The Industrial Societies Act of 1852 was drafted by Mr. Ludlow, and it enabled societies registered under it 'to sue and be sued in the names of their officers, and gives a summary tribunal to which they may appeal in cases of dispute, and power to bind their members by their rules' <sup>3</sup>. Still there was unlimited liability, and this was a great stumbling-block in the way of association. This obstacle could only be removed at a heavy cost. The Board of Trade had power to grant charters of incorporation with limited liability, but 'the fees paid for a charter to the Privy Council and to the Council of the Board of Trade were as

<sup>1</sup> First Report of the Society for Promoting Working Men's Associations, p. 78.

<sup>2</sup> *Christian Socialist*, vol. ii. pp. 24, 297.

<sup>3</sup> First Report of the Society for Promoting Working Men's Associations, p. 8.

follows in an ordinary case:—Attorney and Solicitor-General's fees, £24 3s.; fees at Privy Council Office, £6 5s.; fees at Home Office, £313 7s. 4d.; and fees to the Board of Trade Council, £58 5s.; making a total of £402 os. 4d.<sup>1</sup> Such fees were, of course, altogether beyond the power of working men in those days to defray, and they had therefore to wait patiently, until the Industrial Societies Act of 1862 gave them the same privileges of limited liability as had hitherto been reserved for the benefit of the wealthier portion of the nation.

Notwithstanding these grave drawbacks, there were large numbers of societies started; and in the earlier years many of them were unregistered. In 1882, Mr. Wm. Nuttall, by permission of the Registrar, overhauled the register from 1852. His investigation showed that up to the new Act of 1862 there had been sixty-one productive societies registered, which in 1880 had ceased to exist. Of these, fifteen were corn millers, sixteen textile manufacturers, eight boot and shoe makers, four shipwrights, three tailors, three builders, and two coal miners, while the balance was composed of one of each of ten other trades. Another society that had been in unregistered existence from 1850 was registered in 1863<sup>2</sup>.

In addition to these registered societies, I have found traces, more or less distinct, of the existence from 1846 onwards, of fifty-two unregistered societies, in addition to any that have been noticed in previous chapters, and all of which are now extinct; viz. twelve for making textile fabrics, seven of iron workers, five for corn milling, seven of tailors, four of brushmakers, two of block printers, and one of each of fifteen other trades.

Beyond these, we have a number of productive societies still in existence that were established prior to 1862, and the starting of which runs back to 1795. They are nearly all baking and corn milling societies, and while Scotland

<sup>1</sup> *Journal of Statistical Society*, 1870, p. 12.

<sup>2</sup> *Wholesale Annual*, 1883, pp. 174–180.

has the lion's share of the former, England has a monopoly of the latter. Of all other productive societies started before 1862, and not under the Joint-Stock Companies Act, there are only two remaining, viz. the still unregistered Assington Agricultural Association, which was started about 1829, and the Rochdale Manufacturing Society, which was established and registered in 1854. The Bacup Commercial Company is older than the Rochdale Society; but, in 1851, it registered as a Joint-Stock Company, and thus became the forerunner of a long series of working men's associations, which differ from the Rochdale Manufacturing Society only in not being registered as industrial societies.

It is impossible within the limits of this work to give details of all the above mentioned societies. A few only can be taken. The late Recorder of Birmingham, M. D. Hill, wrote in 1860: 'We have had a joint-stock corn mill and bakery in Birmingham ever since the year 1796. It has been so well managed that by capitalizing a portion of these profits, instead of making full dividends, the company now divide annually an amount equal to the whole of their share capital'.<sup>1</sup> Mr. Bullas, of the Birmingham Industrial Society, has supplied me with additional details. He says that the £1 share at one time was worth £10, and that the mill 'supplied a great want—a substantial loaf more profitable than pleasant to eat in the days when alum was a constituent of the people's bread. The company regulated the price of bread in the town. All connected with it were highly respectable, but the altered tastes of the people, competition with improved machinery, and less talent and energy in the management, caused it to decline, and the directors and friends were wise enough, not being able to increase the capital, to sell it to advantage. It is now a private firm.' Mr. Bullas concluded by expressing the opinion that it was not really a co-operative society.

The Whithy Union Corn Mill was established in 1801,

<sup>1</sup> Social Science Association Report, 1860.



and registered in 1865. The number of members in 1868 was 855, and in 1881, 857. After examining one of the society's balance sheets in 1882, Mr. Wm. Nuttall made the following statement:—'We understand that the buildings and machinery have been depreciated until only their name appears, without any amount; and also that all the shares (857) have been repaid, thus leaving the society with a reserve fund of £1,239, which is invested—in stock, £512; book debts, £631; and cash in bank, £96<sup>1</sup>.' The society has since gone into voluntary liquidation, and a Whitby correspondent has informed me that the assets yielded a return to the shareholders of about £2 8s. for each nominal £1 share.

The brief life of the East Metropolitan Japanned Household Manufacturing Society is typical of many of the defunct associations. It was established in March, 1861, and in April, 1862, Mr. Pitman wrote: 'We regret to learn that the East Metropolitan Co-operative Furnishing Manufactory has failed from the dishonesty of two persons who ordered goods. There is a small balance against the society. Some of the workers also have not shown a determination to achieve their independence<sup>2</sup>.'

The histories of the Working Tailors' Associations of Liverpool and Manchester, and of the Manchester Working Hatters' Association, are remarkable, because, while these societies were amongst the earliest of this class to be started, they were among the last to succumb; and during their lives they attracted a considerable amount of attention.

Henry Smith (the manager of the Liverpool body) described its progress to the Social Science Association in 1858. After explaining that the tailors started in November, 1850, in consequence of the public excitement created by the *Morning Chronicle* sweating revelations, and saying that their shares were ten shillings each, paid by weekly instal-

<sup>1</sup> Wholesale Society's *Annual*, 1883, p. 130.

<sup>2</sup> *The Co-operator*, vol. ii. p. 199.

ments of sixpence, he said: 'We commenced business on a capital of £5. In the beginning of 1851 we issued an address to the public, told them we were a body of working men united together on the principles of association with the view of improving our moral and social condition, and trusted to have their sympathy and support.' At the close of 1852, they broke up the society, so as to start afresh under the new Industrial Societies Act. They found that they had a surplus of assets over liabilities of £58 7s. 8d. The amount of trade they had done was £567, and the wages paid amounted to £223. The surplus was 'divided into shares, and we placed a fair proportion to each member's credit. We unanimously agreed that this amount should not be withdrawn before the expiration of two years. At the end of that time the shares were increased to £1 each, as more capital was required to conduct the business; but no member was allowed to hold more than ten shares. In 1857, this number was increased to fifteen. The total sales from 1850 to 1857 inclusive were £9,549; and the wages paid for the same period were £3,433. In 1858, the association had 58 members, and £239 of capital.' Mr. Smith went on to say—'Had this work, for which the foregoing wages were paid, been done on account of the "show shops," the workmen would have received about 35 % less—that is to say, upwards of £1,000. In addition to the benefits thus claimed, the association had paid £197 16s. 9d. in dividend and interest, and set apart £197 16s. 9d. as a fund intended as an annuity or other endowment for aged and infirm members, their widows and children<sup>1</sup>.' The association was dissolved in 1860.

The story of the Manchester Associations has been told by two able writers, with an interval of thirteen years between their narratives. Mr. J. M. Ludlow visited them in 1851, and described them as follows:—

'The Working Tailors' Association, 13, Princes-street, Manchester, is perhaps in some respects a model establishment.

<sup>1</sup> Social Science Association Report, 1858, p. 576.

Started in March, 1850, they have now twenty-eight members, of whom eight are at work. They have no shop; they have had no rich friends; their trade is carried on on a first floor, and all that they have is the honest fruit of their own exertions and of working men's custom. At the date of their first balance-sheet, in October, 1850, they were £13 os. 1½d. behind the world. By November 23 they had reduced that debt to 15s. 5¾d.; by January 18, 1851, the balance had shifted sides, and they were £4 1s. 0½d. before the world, and their net estate on July 26 had finally risen to £33 18s. 3¾d. These simple figures tell, I think, a tale of quiet persevering energy, quite worthy to be set beside the often-quoted examples of the Paris Associations. They have got their trade together almost entirely by the canvassing of trade societies, an excellent method, and which would deserve to be more thoroughly carried out in London. Thomas Lindsay, the manager, although precluded by physical infirmity from much exertion, is, I think, as good a man as could possibly be found for his office—calm, kindly, and resolute; and I was equally pleased with his associates, who exhibit that courteous frankness which I believe to be the sure result of co-operation when carried on in the right spirit.'

'The Working Hatters' Association, of 12, Broughton-road, Salford, are also a very remarkable association. They have not had those struggles to go through which have so brought out the energies of the working tailors, but they show signs of a wisdom and foresight in carrying out the principles of co-operation which entitle them already to the highest credit. There are eleven of them, all working in one shop. They began quietly to prepare for association in March last, and opened shop about two months back,—and when I say shop, I mean simply *work-shop*, for a large airy room on the first floor, in a somewhat out-of-the-way street, is the only place of business of this already thriving body, which makes up about two dozen hats a week. And how do you think they got up their trade? *Through co-operation itself.* They drew up a handbill, founded on our own advertisement, and sent it forth to all the co-operative bodies they could hear of, picking out the addresses, I was told, chiefly from the *Christian Socialist*. And orders have come in in consequence, from Bradford, from Halifax, from Glasgow, from London. Part of their trade is, however, competitive, and though I regretted not being able to see their manager, I was glad to hear that he had had to go to Ireland for a Waterford order.

‘Hughes and I had a great quarrel with them. . . . because they do not charge enough to their brother co-operators, giving all co-operative bodies that choose to sell their hats a commission of £12 %.’

Mr. Ludlow went on to say that he considered a commission of 1 % would have been enough to allow to co-operative societies. He scolded the co-operators for accepting so large a sum as 10 %, and regretted that ‘a certain flourishing establishment near Oxford-street has so far given way to the money-grabbing spirit as to have accepted it’<sup>1</sup>.

In April, 1852, these two associations joined together to open a shop in Bridge-street, Manchester, where they remained for the rest of their existence. At midsummer of this year (1852), the Hatters’ Association had twelve members, £57 of share capital, £16 of loan, and a surplus of assets over liabilities of £73. The sales for the four months had been £376. ‘During the winter work is very slack, and some of the members had subscribed as much as 5s. a week each out of their earnings to provide capital for making up stock, in order that none of the six who are already at work should be left unemployed. . . . The want of a legal position had been a very serious hindrance to their success.’ The sales of the Tailors’ Association in the three months ending July, 1852, were £450, and the wages paid were £218. They had thirty-eight members, and there were twenty-four men at work. ‘The working members had taxed themselves 20 % to raise £25 for the fittings of the shop. . . . The slack time was their only difficulty’<sup>2</sup>.

The second account, which was written in 1864, said:

‘In Bridge-street, Manchester, is a house rented and occupied conjointly by two little communities—one of six tailors, the other of nine hatters—distinct in their organization, but residing side by side in brotherly harmony. Our information regarding

<sup>1</sup> *Christian Socialist*, vol. ii. p. 212.

<sup>2</sup> First Report of the Society for Promoting Working Men’s Associations, pp. 45-47.

the former is only fragmentary, but it enables us to state that in the first half of last year—their capital being then £173—their sales amounted to £495; the wages divided amongst them to £169; and their net profit to something less than £16. Taken by themselves, these figures might suggest too favourable a notion of the state of affairs; for the tailors have not enough work to keep them fully employed, and the most that can be said of them is that they have kept their heads well above water. Their average annual earnings are not much short of £50 per head, but as yet they have never received any dividend beyond bare wages, whatever profit they may have made having, apparently, been applied to the augmentation of their capital. The hatters, although they have also reason to complain of want of patronage, are doing better. Their capital, which when they started in 1851 was only £38, is now (including the reserve fund) more than £600, the difference having been made up entirely by appropriations from profits, which, in one instance within the last three years, were £67, and in another £39 in six months. During the twelve months ending with June last, however, in consequence of rates having doubled and the price of raw materials having greatly risen, net profits were only £20; but more than £300 were distributed as wages among the four members who alone are regularly engaged in the business, and the three or four extra hands who are occasionally taken on. All those employed, whether members or not, share ratably in proportion to their wages in any surplus profits remaining after payment of interest at 5% on capital. What keeps back both hatters and tailors is want of custom<sup>1</sup>.

The Tailors' Association died in 1872, and the Hatters' in 1873<sup>2</sup>, the cause of death being inability to obtain customers.

A series of Ironworkers' Associations sprang out of the engineers' great strike of 1851. At a meeting of the general executive council of the Amalgamated Society of Engineers, held on April 22, 1852, it was resolved: 'That in the opinion of this meeting, hostile resistance of labour against capital is not calculated to enhance the condition of the

<sup>1</sup> *Westminster Review*, 1864, p. 371.

<sup>2</sup> *Wholesale Annual*, 1883, pp. 174, 180.

labourer. We therefore advise that all our future operations should be directed in promoting the system of self-employment in associative workshops, as the best means of effectually regulating the conditions of labour; and that this resolution be submitted to our next delegate meeting.' Following this resolution, an address was delivered to the members of the society, on April 26, 1852, signed by the secretary, William Allan, in which the council said :

'How shall we set about the work of preparation for a coming time? There is but one way, we must co-operate for production. . . . We have learned that it is not sufficient to accumulate funds, that it is necessary also to use them reproductively, and if this lesson does not fail in its effects, a few years will see the land studded with workshops belonging to the workers. . . . And if the employers, seeking to wrong him, close the gates of the factories, he will not then stand in forced idleness, consuming the accumulations of past years, but with double energy he will turn to the factory, and there do the work of the country without the unneeded help of others<sup>1</sup>.'

Prior to this, the purchase of the Windsor Iron Works, Liverpool, was negotiated by the Amalgamated Engineers, and it was supported very enthusiastically by the northern members of the Engineers' Society. As mentioned in Chapter IX, Bury took this project up very warmly, and even so far north as Glasgow, it was reported—'We had a splendid meeting of the amalgamated iron trades of Glasgow. . . . I think there were at least 1,000 present. They met in a large chapel, passed resolutions unanimously in favour of union and association, . . . and cheered most loudly when they heard what their own executive had done in reference to the purchase of Windsor Foundry<sup>2</sup>.' This iron foundry was in full work, and it was to be 'organized according to co-operative principles, in such a manner as to secure efficiency of business management, and at the same time to afford to all workmen employed the full benefit of

<sup>1</sup> *Journal of Association*, pp. 150, 152.

<sup>2</sup> *Christian Socialist*, vol. ii. 1851, p. 309.

their labour, and a permanent interest in the concern. The capital advanced to purchase the works was to be advanced only on the security of the works ;' and 'debts contracted in the ordinary course of business are to be paid in preference to the original loans, should the concern be wound up<sup>1</sup>.' The purchase of the Windsor Foundry was never completed ; but the Atlas Works, Southwark, was purchased instead. Mr. E. V. Neale supplied a very large amount of capital for this, and he has kindly sent me the following account thereof :—

'The Atlas and Windsor Engineering Works was one of two attempts to establish such works for the employment of men out of work through the great strike of the Amalgamated Engineers. I was the sole share—nominally loan—holder, having advanced the money needed to buy the business on no other security than the business itself. The factory was a small one, and being not half a mile from the central office of the Amalgamated Engineers would have been very conveniently situated for a business to be carried on by means of the union funds, if the engineers had acted on the resolutions that they unanimously passed at a general meeting held in London during the strike—I forget precisely where—that they would seriously go in for self-employment. I bought the business mainly for the purpose of securing the site. You may perhaps know that when the strike was over, the union offered a prize for the best essay on the means of giving effect to this proposal, which was awarded to me. But when the council proposed to act in the matter, the plan was so violently opposed by one member that the other members, though personally in favour of the plan, gave way, lest the union itself should be endangered through the fierceness of the opposition likely to be raised. In consequence, the works, which the men who formed the original society had not managed so that they should be a success in themselves, were given up, and all the tools sold. They had been principally made by the engineers employed at the works, and had therefore no reputation such as would have belonged to similar tools made by known makers, and did not realize enough to pay the debts of the association, which I settled, in addition to the loss of all the money originally paid for the business. It was not an

<sup>1</sup> *Christian Socialist*, vol. ii. 1851, pp. 57, 218.

encouraging experience. I do not know exactly why the men failed to make their society succeed ; but I do not think that many of the Amalgamated Engineers of that day had any faith in self-employment as a means of permanently raising their position as workers.'

A brief recital of the history of the East End Ironworkers must be sufficient for this branch of co-operative effort. It was formed by men who had been in the employ of Messrs. Easton and Amos, 'in consequence of the late strike. Mr. Vansittart Neale advanced them money, and they bought the whole plant of a man at Bethnal Green for £400. They owed nearly £1,000, but their plant was now worth £2,000. . . . They were very busy, and working overtime at less than the usual rate of wages, by way of loan to the association. They had from forty to fifty members altogether, of whom twenty-two were at work <sup>1</sup>.' Messrs. Neale, Hughes, the present Lord Ripon, and Mr. Brogden, were the trustees of this association. The first shareholders' meeting was held in the association's premises, Cambridge-road, Mile End, on March 6, 1852. They had good-sized premises (110 ft. by 35 ft.), and the Pimlico Builders were erecting a 60-feet chimney. The meeting 'decided that every associate should subscribe £5 to the fixed capital of the association, upon which he shall receive no interest, and which he should be unable to draw out upon his leaving the association. . . . Four managers were then elected by show of hands, one for each branch of the business. The election of a general manager, whose office will be to buy materials, make contracts, and generally to represent the association to the public was deferred for the present <sup>2</sup>.'

In a report to the Social Science Association, Mr. Thomas Hughes, speaking of the fate of these associations, said : 'Several shops, however, were started by the men, in most

<sup>1</sup> First Report of the Society for Promoting Working Men's Associations, p. 49.

<sup>2</sup> *Journal of Association*, p. 92.



cases on borrowed funds. Those in the London districts, so far as I know, have all failed, some of them after having succeeded for years. I am informed that in the Lancashire district several have succeeded<sup>1</sup>. In 1871, Mr. Hughes gave more definite information of the Mile End Association: 'After some trouble with disputes about management, the business took a good turn; the men worked hard, and everything seemed going on successfully, until the association had to tender for a large job. Then one successful tender broke the association. They made a large contract at a price which involved a considerable loss, and the result was that they had to be wound up<sup>2</sup>.' The only trace of the successful ones that I can find, is a reference by Mr. Ludlow to 'a large engineering establishment, once well known to the trade as that of the "Forty Thieves," from having been founded by forty working men during a strike<sup>3</sup>.'

A short account of several of the associations for the manufacture of textile fabrics will conclude this chapter. On February 24, 1852, a meeting was called by the Banbury plush weavers, who were out on strike. 'About 250 persons, chiefly of the working classes, were present; and it was stated that while the men do not average more than 10s. 6d. per week after the payment of shop-rent, the masters now seek to reduce this miserable pittance 25 %, notwithstanding that it has been ascertained that on the purchase and sale there is, after payment to the workman, a profit of 20s. on every piece of goods that it takes a man about a fortnight to make.' The meeting thereupon resolved: 'That, in consequence of the Messrs. Bangham having attempted to enforce the enormous reduction before stated, and the impossibility that exists of an amicable arrangement being made with them, it is the opinion of this meeting that the weavers are justified in endeavouring to

<sup>1</sup> Report on Trades Unions to Social Science Association, 1860.

<sup>2</sup> *Co-operative News*, vol. i. p. 158.

<sup>3</sup> *Industrial Partnerships Record*, 1867, p. 46.

commence manufacturing on their own account<sup>1</sup>. A society was, therefore, formed, with shares of £1 each. Public donations and loans were made to the extent of £40, and the men hoped to be able to raise double this amount among themselves, in order that they might start 'ten of their members to work this week' (March 8, 1852). In April it was reported that the association 'starts in one respect with singular advantages, a London cloth merchant having offered to take its plush to a large extent.' But on June 19 the Rev. C. Kegan Paul, then curate of Bloxham, near Banbury, now the celebrated publisher, wrote that the Plush Makers' Association is 'now at a standstill for want of a ready sale for their goods. It is not the time of year that plush finds a ready sale, and till they have more funds in hand this is necessary that they may buy more materials and increase their numbers.' He concluded by saying that their work was good, and asking for £100 of loans<sup>2</sup>. The last peep that is to be obtained of this association is at the conference convened by the Christian Socialists in London, on July 26, 1852, when their representative reported that they had twelve men at work, 'but not altogether.' They had taken a shop where two looms could be worked. The men as yet had worked entirely on their own efforts, but they were 'sadly in want of both money and orders<sup>3</sup>.'

In January, 1851, some silk and velvet weavers of Bethnal Green began saving their contributions of 6d. a week, in order to start an association. Sixteen hours a day for 16s. a week, with continual reductions of rates, had stimulated them to make this attempt. 'They had twenty members, had made a very advantageous purchase of seven jacquard looms, and £15 in the savings bank, which they were going to draw out to buy materials to start with.' At the end

<sup>1</sup> *Journal of Association*, p. 89.

<sup>2</sup> *Ibid.*, pp. 88, 92-3, 143, 216.

<sup>3</sup> First Report of the Society for Promoting Working Men's Associations, p. 48.

of September, after nine months' patient saving, it was announced that 'they were to begin next Saturday on an order for sixty yards of silk serge which they had just received<sup>1</sup>.' At a tea-meeting held in January, 1852, it was reported that the association had three looms at work, they had completed £60 worth of orders, had 'orders on hand for 283 yards of silk velvet and plain goods,' and ladies had in many cases advanced them money to purchase materials to weave their dresses<sup>2</sup>.

At the latter end of 1850 the employés at Armitage's factory, Pendleton, went on strike, and some of them determined to start manufacturing on their own account. 'A gentleman offered them a loan of £1,000 at 5 %, but the association preferred raising their capital by shares of £5 each, in calls of 5s. each, in which they have been perfectly successful.' They thus raised a capital of £2,000, and took a lease of a mill for sixty years in Whit-lane, Pendleton. A letter from the Rev. T. G. Lee, dissenting minister of Salford, dated December 22, 1850, said: 'The association mill at Pendleton will commence working in a week or two, and will employ upwards of 300 associates. Their new machinery, which is upon the best principle—new 15 horse-power engine and boiler—will be ready for work immediately. They will manufacture regatta stripes, ticking, &c., as manufacturers of which they rank first in the market. We are assured that the late employer of these men—Sir E. Armitage—has offered to purchase from them, at market price, all the goods they can make.' As the association opened a wareroom in Cannon-street, Manchester, shortly after starting, afterwards removing to Dale-street, it is to be assumed that Sir Elkanah's offer was not accepted. At the Bury conference, on April 18, 1851, it was reported that there were fifty people at work for the association<sup>3</sup>. In September of the same year, Mr. Ludlow

<sup>1</sup> *Christian Socialist*, vol. ii. p. 217, 314.

<sup>2</sup> *Journal of Association*, p. 19.

<sup>3</sup> *Christian Socialist*, vol. i. pp. 58, 59, 77, 96, 213.

reported : 'Whit-lane is, of course, the co-operative lion of Manchester ;' and in October it was said that they 'number 121 members, and expect to do business in a few weeks to the amount of £160 a week. They have room for 300 looms.' At the end of November they advertised for a loan of £300 to £500. They had some looms standing several days, through being short of money to buy yarn. They had £450 worth of stock of yarn and cloth, but 'buyers of cloth and sellers of yarn, finding that we are co-operators, have not confidence in us to give us credit<sup>1</sup>.'

In February, 1851, the Padiham Commercial Mill Company was started by the weaving operatives. There were 77 members, with a share capital of £1,923. They built a mill of two stories and a garret, 30 yards long by 17 yards wide. The building, engine, and boiler cost £2,000 ; there was room for 324 looms, and the total cost was £7,700. Each shareholder was required to hold £100 worth of shares. 'All the shareholders (with one or two exceptions), or some members of their families, work at the mill ; and the following is the arrangement as to the division of the profits : Each shareholder has allotted to him four looms and a "tender," and receives his fair portion of the pecuniary proceeds, which are divided annually, there being always a reserve fund amounting to not more than £2,000.'

Mr. Ludlow, in his Lancashire tour, visited this Padiham Commercial Company, and described it as

'one of the most remarkable fruits of the energy and self-denial of the Lancashire workers. . . . The establishment is to be registered under the Joint Stock Companies Act, of the inconveniences of which, however, the members are well aware : the shares are £25 each, paid up at 5s. per week. And who do you think are these aristocratic monopolists ? Wages are, of course, high in Padiham ? They are, on the contrary, *remarkably low*, and many of the shareholders receive no more than

<sup>1</sup> *Christian Socialist*, vol. ii. pp. 198, 264, 331.

12s. per week ; and yet, so little impatient are they for profits, that they are, I was told, desirous of passing a law for retaining the profits of each shareholder until his share shall amount to £100.'

After denouncing the Joint Stock Companies Act, Mr. Ludlow went on to say,

'The worst tools can be turned to profitable use in the hands of skilful workmen ; the worst machinery may be made to serve the cause of co-operation in the hands of men inspired with a true co-operative spirit, and such, I believe, are the men of Padiham<sup>1</sup>.'

The late Professor Jevons, in a report on the Padiham weavers' strike of 1859, mentioned that the association had failed, and gave the cause of failure.

'Some years before the strike they had established two co-operative concerns, one called the Commercial Company for weaving, and the other called the Cotton League Company for both weaving and spinning ; neither of which undertakings, unfortunately, met with the success that had attended similar establishments at Rochdale. No such concerns can possibly succeed, unless the functions of managers and operatives are kept distinct, and shareholders working as operatives are prepared to submit to a manager who is their servant. This difficulty the Rochdale men have overcome ; but in Padiham, it led, combined, probably, with other causes, to the total failures of both the co-operative mills, one of them winding up with a heavy debt, which had to be liquidated by the shareholders. . . . On the sale of the mill which belonged to one of them, it was bought up by a person who had recently been the manager for the shareholders. . . . This had the effect of embittering the men<sup>2</sup>.'

Dr. Watts also gave some details. He said of Padiham :

'They had invested about £7,000, and were owing about £9,000, a sum which continued success would very soon have covered ; but, during the quarrel, one of the shareholders broke into the mill at night, and cut out a large proportion of the

<sup>1</sup> *Christian Socialist*, vol. ii. pp. 324, 411.

<sup>2</sup> Report on Trades Unions to the Social Science Association, 1860, p. 436.

warps from the looms. The creditors, looking forward to a certain loss by such proceedings, came at once upon the estate and realized, and the shareholders lost the whole of their money.' He further stated that the Pendleton (Whit-lane) Association, 'from similar causes had the same kind of result <sup>1</sup>.'

<sup>1</sup> *Co-operator*, vol. i. p. 126.

## CHAPTER XII.

### WITH LIMITED LIABILITY.

THE granting of the privilege of limited liability has given an immense stimulus to the practice of association. Without this privilege, every shareholder, regardless of the amount of his holding, whether large or small, remained under an unlimited legal obligation, to the full extent of his means, to pay the creditors of the association in which he held shares, in case the association failed to do so. Those persons, therefore, who had most to lose shrank from such a risk; and hence the practice of association would have been kept within very narrow bounds indeed, if the law had remained unaltered.

In addition to the methods adopted by large capitalists, of obtaining the privilege by special Act of Parliament, or by charter, a form of limited liability was granted by the Act of 1855 to joint-stock companies registering under it; and a new Joint Stock Companies Act, of a more comprehensive character, was passed in 1862—the same year in which the associations registered as industrial societies for the first time received the privilege of limited liability. During this period, northern co-operators got into the habit of using the Joint Stock Companies Act, owing to the advantage it afforded; and Mr. E. V. Neale strongly urged them to do so in a communication to the *Co-operator*, in July, 1860<sup>1</sup>. As working people get wealthier, it is probable that the supposed necessity for a special law will disappear,

<sup>1</sup> *Co-operator*, vol. i. p. 13.

and all associations may be included in one system of registration.

The old notion of forming and living in communities, which in past years had acted so powerfully on the imagination of many thousands of co-operators, had now died out. The Leeds Redemptionists, with their South Wales community, were the last body in Britain to make the experiment; and although they were led by some of the most able, energetic, and honest men that ever took part in a co-operative effort, they had, in the end, to acknowledge a defeat. But the rapidly increasing numbers of co-operators had fully grasped one elementary truth, and in consequence had worked successfully. They had realized the fact that half a loaf was better than none; and they had begun to see, with a fair approach to unanimity, that it was quite possible to apply the principle of co-operation, bit by bit, in sections, to all the circumstances of their lives, until a system of complete co-operation should finally be evolved. They had further begun to see that the effective force of machinery, with the necessary consequence of a more and still more minute division of labour, and of a wider and still wider field of distribution from the centre of production, was altogether irresistible; and that the idea of having little self-supporting colonies must give way to the infinitely grander idea that the whole world is one family, with members mutually dependent on their industrial exertions, and mutually benefiting by the exchange of products.

The general tenour of co-operative thought and practice at this period is shown by the following incident:—The committee of the Leeds Corn Mill Society had received a letter from Vienna, asking for information and advice on co-operation, which was intended to be laid before the Austrian Government. The Leeds people sent a very careful and lengthy reply on February 27, 1860; and in it they advised their correspondent to

‘endeavour to conduct the business of the society so as to



meet the general wants of the members. If food be the most pressing want, work that. Do it well, and then go on to the next, whether it be clothing, &c., &c. Do not sit down with doing only one thing; but do not begin with too many at first. Ask your members to suggest operations; and do not act in opposition to the general wish. When profits are made, ask your members not to take them out, if needed for extended action. You will see by our tables this was an error we fell into, and it has been a serious evil in crippling our extension. Do not be anxious to get on quickly, so much as to get on well. The slow-growing tree makes the soundest wood.'

They then went on to praise the Rochdale co-operators and their co-operative associations, saying,

'As you look at the table of figures, you will see a remarkable difference betwixt the Rochdale statistics and ours at Leeds. You will see they began in a very little way, but they have gradually progressed, and latterly at a most rapid rate, in both business, capital, and profits. We began on a much larger scale than they did, but we have not progressed in the same degree.... The cause why is worth knowing. At Rochdale, a few began on the *principles of co-operation*. . . . Our society at Leeds did not begin on *principle*¹.'

The principles thus referred to are stated in the objects of the Rochdale Pioneers, and have been already enumerated in Chapter I. But the Pioneers had not found it possible to do all they wished by means of one society, so they had already formed a corn milling, a manufacturing, and a building society. In a speech at Stalybridge, made in July, 1860, Mr. Abraham Greenwood gave some minute details of the state of Rochdale co-operation. It is only necessary here to show its variety and extent. The capital of the store was £32,513; the quarter's sales were £35,561; and 'they were realizing profits at the store alone at the rate of over £15,000 a year.' Beside their distributive employés, they had 'eight butchers, seventeen boot and shoemakers, ten cloggers, and ten tailors.' The amount they devoted to education at this time was £400 a year.

¹ *Co-operator*, vol. i. pp. 28, 9.

'With reference to the manufacturing society, they had a capital of £58,000, they had 100 looms at work and 5,000 spindles. . . . The new mill which they were about setting to work was sixty-six yards long. . . . When the mill was completed they expected to find work for 400 or 500 people. They expected to pay wages in another twelve months at the rate of £18,000 a year, and they calculated upon turning over a business of £75,000.' The corn mill had a capital of £24,000, the quarter's sales were £33,140, and the quarter's profits £2,665. 'They were doing a business of 760 sacks of flour a week<sup>1</sup>.' The land and building company was at this time only just getting to work, but on December 1, 1861, Mr. William Cooper, the secretary of the Pioneers, wrote that this company's 'first lot of seventeen houses are nearly complete<sup>2</sup>.'

The following advice was given in the preface to the 'Model Rules' issued in 1862 for the guidance of new societies, by the Lancashire and Yorkshire Conference, which was then the only existing union of co-operative societies; and I think it may be taken to fairly represent the sentiments prevailing at that time among co-operators:—

'The future prosperity of the working men of Great Britain now lies in their own hands, if they observe the simple rules following: (1) Use your own consumption, your eating and drinking and shoeing and clothing, to save up capital for yourselves. (2) Use your capital to set yourselves to work. (3) Use the profits of your work to obtain for labour generally a fair share in the profits of all capital, by giving it a fair share in the profits on your capital. (4) Use the accumulations of your profits to make yourselves powerful by your united strength, if you cannot be powerful by your separate strength<sup>3</sup>.'

An extract from a letter by one of the Leeds Redemptionists on the 'Philosophy of Co-operation,' written in 1860, will also show the general modification of views, and

<sup>1</sup> *Co-operator*, vol. i. p. 37.

<sup>2</sup> *Ibid.*, vol. ii. p. 118.

<sup>3</sup> *Ibid.*, vol. iii. p. 165.

the steadiness of the general determination to do one thing at a time, in the hope of ultimately doing all things.

‘Men strive sometimes for small, and sometimes for great objects. . . . All co-operators should become acquainted with the greater doctrine in order that they may practise the lesser, with the glorious hopes which belong to the great thinkers that are urging on the movement. Know this : that the same kind of efforts that have reared Rochdale, Leeds, &c., may absorb a town, a whole county, or a kingdom. . . . All that is wanted for the mighty change is that men shall . . . toil on, and devote the results of their labours to the new object. It is a question of capital. . . . You have saved ; hence you can save. Henceforth, set no limit to this saving. It will be all wanted. There is no known limitation to the invention and application of mechanical power. Get these millions of steam hands to work, and they shall buy you hills and smiling plains, flocks and herds ; and the pleasant places of the earth shall be yours as an inheritance for ever<sup>1</sup>.’

In a paper read before the Social Science Association in 1869, Mr. M. D. Hill summed up the position as follows :—

‘The co-operative principle is consistent with great freedom of action. *A* may be a co-operator as regards his expenditure, while he may be working for an employer of the common kind to obtain his income ; *B* may belong to an expending and to an earning co-operative society ; while *C* having, by earning and saving, acquired more capital than he is permitted to apply in one expending society and one earning society, may become a capitalist in others<sup>2</sup>.’

The stream of co-operative production, since limited liability became lawful, has formed two channels ; one is regulated by the Joint Stock Companies Act, and the other by the Industrial Societies Act. The channel that is regulated by the last mentioned Act is also divided into two branches. One consists of the productive establishments that are carried on by distributive societies, and the other of those carried on by societies expressly established for the purpose. As, notwithstanding these divisions of the

<sup>1</sup> *Co-operator*, vol. i. p. 143.

<sup>2</sup> Report of Social Science Association, 1860.

stream, the volume of any one of them is much greater than that portion of the whole stream that has already been noticed, it will facilitate a clear insight into the subject, if the chronological order of investigation be now abandoned, and the plan of separately examining each channel, and also some of the most important trades, be adopted instead.

By the help once more of Mr. Nuttall's statistics, I am enabled to show the number of separate productive societies which were registered between 1862 and 1880 under the Industrial Societies Act, and which, by 1882, had ceased to exist. The total was 163. Of these, 32 were for manufacturing textile fabrics, 16 were tailors and hatters, 15 corn millers, 10 builders, 27 boiler-makers, shipbuilders, and miscellaneous ironworkers, 7 coal miners, 7 bootmakers, 6 farriers, 5 printers and publishers, 5 cabinet makers, and 33 of sundry trades<sup>1</sup>.

The figures given by Mr. Nuttall excited great attention at the time of publication; and a supplementary inquiry was made by Mr. E. O. Greening. He 'carefully had all the rules examined which were obtainable' of productive societies registered from 1850 to 1880, and he reported:—

'Of the 224 "failures," debited by the writer largely to the account of "workmen desiring to obtain for themselves alone the profits," I can only find twenty-four societies which, by their rules, proposed to give any definite proportion of profits to the workers. Two or three more proposed to do something in the way of education, or other philanthropic means, for the benefit of the workers. On the other hand, forty-four of the failures were based upon the principle of dividing profits with the customers, and several otherwise provided for advantages in their favour. All the rest of the long array of failures, so far as there is any evidence to show, were based upon the ordinary principle of joint-stock and private trading, the profits simply going to the capitalists in proportion to their capital<sup>2</sup>.'

Of the productive societies registered in 1880, or at an

<sup>1</sup> Wholesale Society's *Annual*, 1883, p. 168.

<sup>2</sup> *Co-operative News*, vol. xiv. p. 584.

earlier date, the Congress Report for 1892 showed that there were still twenty-eight in existence. Eight of these were corn millers, ten were manufacturers of textile fabrics, three were printers and publishers, and the remaining seven were of a miscellaneous character.

From 1880 to the end of 1891, there were registered 152 productive societies. Forty-one of them were registered in 1891<sup>1</sup>. These 152 societies were accounted for at the end of 1891 as follows: 76 were living and working; 37 were dead; and of the remaining 39, some had not commenced business, some were in a state of suspended animation, and some were, I believe, dead.

The 1892 Co-operative Congress Report recorded 143 societies, established exclusively for productive purposes, as being alive at the end of 1891; but 37 of these supplied no statistics. Classified by trades, there were 33 dairying societies, 22 textile manufacturers, 21 boot and shoe manufacturers, 9 corn millers, 3 printers and publishers, and 55 for miscellaneous industries. The following table gives the principal figures of each class:—

Description of Societies.	Number of Members.	Share, Loan, and Reserve Capitals.	Sales.	Profits.	Losses.	Apportioned to Workers on their Wages.
Textile Manufacturers	4,954	£ 336,124	£ 552,396	£ 12,653	£ 226	£ 944
Corn Millers .. ..	12,932	458,260	1,420,205	89,854	—	106
Boot Manufacturers ..	1,881	19,499	118,307	4,458	100	1156
Printers and Publishers	1,013	49,625	81,455	7,743	—	646
Dairying .. ..	1,122	7,600	46,626	1,661	136	—
Miscellaneous .. ..	3,115	144,469	292,443	22,301	158	2257
	25 017	1,015,577	2,511,432	138,670	620	5109

The baking societies make up about half of the capital, half of the trade, and two-thirds of the profits of the miscellaneous section. These societies divided £990 among

<sup>1</sup> Co-operative Congress Report, 1892, p. 31.

their employés as their share of the profits made during 1891. The metal-working societies, which are also included in miscellaneous, divided £1,010 of their profits among their employés for the same year<sup>1</sup>. The methods of dividing profits are so various as to defy classification; so that a statement on this subject will be deferred until the history of each society is given: but it will perhaps be advisable to state here that nearly all the profits of co-operative production enumerated in the foregoing table, are divided among the purchasers of the goods in proportion to the amounts of their purchases.

In addition to the societies whose returns have been summarised, there are the numerous productive departments of the retail and wholesale distributive societies to be accounted for, as well as the co-operative associations which have been registered under the Joint Stock Companies Acts. This will be done in the next and other chapters.

<sup>1</sup> Co-operative Congress Report, 1892, pp. 172-7.

## CHAPTER XIII.

### DOMESTIC PRODUCTION.

BOTH in the societies that started about the end of the last and beginning of this century, and in the societies that came into existence about 1828 and onwards, the principle of employing labour for the benefit of the whole of the members has been steadily adhered to. It is now desirable that the extent of this development, so far as it has manifested itself by the formation of productive departments in our retail distributive societies, should be ascertained ; and it will be convenient to continue the practice which has grown up of classing such departments as tailoring, shoe-making, baking, and the killing and dressing of cattle, as 'domestic production.' The facts and figures in this chapter are from the Co-operative Congress Report, 1889, and the Co-operative Directory, unless other references are given.

In Scotland, baking is usually the first of these domestic trades to be started. In the south of England it is the same. But in the manufacturing and mining districts of England, where the practice of baking at home is prevalent, this department is often the last to be undertaken. In Scotland there are 16 societies whose exclusive objects are the baking of bread. Two of these are federations of distributive societies, and 14 are composed of individuals. There are also 119 distributive societies that include baking as one of their departments. At the beginning of 1889 the two federal societies had £48,116 of capital ; their trade for the year was £71,408 ; and their profits on this trade

were £5,389. One of the other 14 societies made no return to the Central Board in 1889; so I have taken its figures for 1887. Including this, the 14 societies had 6,465 members; £24,405 of capital; £58,893 of trade for the year; and £9,528 of profits. The 119 distributive societies had 93,434 members; but as they do not make a separate return of each branch of their trade, I can only estimate the amount of their bread sales by striking an average on the basis of the sales of a few societies whose balance sheets, &c., have been sent me. On this assumption, their annual trade in bread is about two-thirds per head of what it is in the baking societies, and will amount to £567,425; and their profits on this trade will be £91,800. The total co-operative baking in Scotland would then amount to £697,726 a year, with profits of £106,718. These profits would not include the profits made by the societies that are members of the federal bakeries on the bread sold by them. These would probably be over £7,000, and would make a grand total of £114,000.

Twenty-two of the societies that have baking departments were started in, or before, the year 1850; and they date backwards from that year to the year 1800. Among the earlier ones are Stenhousemuir, Alva, Bainsford, and Menstrie Societies, started in 1847; Montrose and Tillicoultry Societies in 1846; Kettle, in 1840; Leslie, in 1838; Leven, in 1828; and Bridgeton, in 1800. Most of these were specially established for baking<sup>1</sup>.

The reports of the Christian Socialists give us a few details of these earlier societies. The manager of the Castle-street tailors, Mr. Walter Cooper, paid a visit to Scotland in 1851; and writing from Glasgow in September, said:—‘You will be completely astounded when I tell you what is doing in the co-operative movement in Scotland.’ Montrose is referred to by him as having 900 members, who made a profit for the year of £200, ‘after supplying

<sup>1</sup> Registrar of Friendly Societies Returns.



themselves with the best bread at market prices.' He went on to say that the Scotch co-operators 'had never heard of the Central Co-operative Agency, or of the Society for promoting Working Men's Associations.' Another report from him mentioned the baking society at Alva, with 226 members, and a yearly business of £2,000. 'They purchase wheat and get it ground. A 5s. share is worth 15s.; but they keep it at 5s., because it answers working folk much better.' A single man was limited to ten shares; but a married man could have twenty. It was also stated that 'at Alloa, three miles off, the bread used to be 1d. and 2d. per four-pound loaf cheaper than at Alva; now it is 1d. per loaf cheaper at Alva, and quite as good.' Mr. Cooper concluded his report on Scottish and Northern co-operation, by writing: 'Let me say that the movement is rapidly spreading all over the country, and although (thank God) it does not depend for existence on a committee in London, yet I believe we may greatly assist our brethren in the country and ourselves at the same time'.<sup>1</sup>

In 1852, Mr. Lloyd Jones visited Scotland. He reported of 35 societies, that 5 declared dividends on purchases, 2 capitalized all their profits, and 28 divided profits on capital. Speaking at the London conference in 1852, he said that he 'had been all over Scotland, and found the stores mostly constituted on the old principle of giving profits to capital; but they were beginning to alter their practice, and to follow the example set them by William Sanderson, of Galashiels'. At page 23 of 'Working Men Co-operators,' it is stated that the Galashiels Society commenced dividing profits on members' purchases in 1847; and this must therefore be the example referred to.

The two federal bakeries give bonus on wages. One of them gives the same rate as it does on purchases; and I

<sup>1</sup> *Christian Socialist*, ii. pp. 179, 309, and 315.

<sup>2</sup> Appendix to the Transactions of the Co-operative League, p. 116.

<sup>3</sup> Report of the Association for Promoting Working Men's Associations, p. 45.

think that the other does the same. Fifteen other Scotch societies with baking departments replied to the Central Board (1889) circular on profit-sharing. These replies showed that two of these societies gave bonus to the workers, twelve did not give bonus, and one did not give any information on the question <sup>1</sup>.

The progress of the largest of the Scotch baking societies deserves attention, for it is one of the earliest cases of the application of the federal principle. It is the United Baking of Glasgow, and was started in 1868, the same year as the Scottish Wholesale Society. Only societies are allowed to become members. In 1869, their first year, they baked 2,116 sacks of flour, and their sales were £4,837. In 1870 they increased to 3,925 sacks and £9,567, and in 1871 they made a further increase to 6,345 sacks and £16,542 <sup>2</sup>. At the end of 1871 they added a fancy bread and biscuit department <sup>3</sup>, and by the middle of 1872 the committee were able to say that 'the bakery has everything now in its favour. It possesses a plant and convenience which is unsurpassed, and which should produce a large and profitable business.' They, however, complained that the biscuit department was 'not kept half employed,' but they stated that they had arranged 'to send bread daily to every society, and hoped thereby to increase the demand <sup>4</sup>.'

Up to 1874, private loans were received to help to supply the necessary capital; but at the latter end of this year they closed their books against individuals, except to those who were already loanholders, and to the workers; the directors advocating this privilege being given to the latter in the hope that they would thereby be induced to take more interest in the success of the society. They also in this, the twenty-third quarter, claimed to have had 'the most successful quarter in the history of the society <sup>5</sup>.' In

<sup>1</sup> Congress Report, 1889, p. 42.

<sup>2</sup> *Co-operative News*, vol. iii. p. 101.

<sup>4</sup> *Ibid.*, p. 452.

<sup>3</sup> *Ibid.*, p. 305.

<sup>5</sup> *Ibid.*, vol. v. p. 253.

1875, they were further 'forced to curtail' the private loans, which amounted to £1,123, while the share and loan capital held by the societies was £3,144, and the reserve fund was £833<sup>1</sup>. In 1877, the thirty-third quarterly report claimed to be 'one of the best in the society's history, and that is saying a great deal.' There were then twenty-six societies in the federation, with sales amounting to £7,770 for the quarter; and the profits allowed the payment of a dividend of 1s. in the pound on the sales made by the society, after allowing from the selling price the usual 'deduction of 10% to the stores in connexion with the society, the amount allowed for selling by the baking trade; so that the societies who are members have an extra profit of 1s. per pound by becoming their own bakers. The bags of flour baked during the quarter number 2,967, being the highest yet reached by the society. The increasing business of the society has of late gone beyond the means of the output, and to meet this, additional premises with three ovens have been rented<sup>2</sup>.'

Some falling off in sales, but none in profits, was shown in 1878; and in 1879, a society which was one of the largest shareholders withdrew, as it was commencing baking for itself<sup>3</sup>. In the forty-second quarter, efforts to meet competition were put forth, and new machinery was erected which 'resulted in a decided improvement in the appearance of the bread<sup>4</sup>.' At the beginning of 1882, the society was again on a flowing tide, and the committee reported that it was 'gradually rising again in trade.' The dividend was 1s. in the pound, and societies were asked to 'do their utmost to bring up the business to over 200 bags per week<sup>5</sup>.' The trade now increased steadily up to January, 1885, when the number of sacks baked for the quarter was 3,917, and the dividend was 1s. 4d. in the pound<sup>6</sup>. Six months later, a special meeting determined to 'build a

<sup>1</sup> *Co-operative News*, vol. vi. p. 308.

<sup>3</sup> *Ibid.*, vol. x. p. 292.

<sup>6</sup> *Ibid.*, vol. xiii. p. 189.

<sup>2</sup> *Ibid.*, vol. viii. p. 317.

<sup>4</sup> *Ibid.*, p. 537.

<sup>6</sup> *Ibid.*, vol. xvi. p. 398.

large central bakehouse with 24 ovens, bread room, &c., at an estimated cost of £12,500<sup>1</sup>. The scheme was afterwards enlarged. Property was purchased in M'Neil-street, Glasgow, at a cost of £4,500<sup>2</sup>, and a bread factory was erected thereon at a cost altogether of about £20,000. 'It contains 28 ovens, including a reel oven for pan loaves, and space for a travelling oven. The facilities provided are capable of doing a trade of from 600 to 700 bags per week.' These premises were completed in 1887, and on May 21 they 'were thrown open during the afternoon, so that the public might have an opportunity of inspecting the buildings and machinery, and it is computed that upwards of 30,000 people took advantage of the occasion<sup>3</sup>.' At the eighty-second quarterly meeting, held in September, 1889, it was reported that the number of bags of flour baked weekly was 558, the sales for the quarter were £15,714, and 37 societies were members of the federation<sup>4</sup>.

In April, 1890, I had the pleasure of attending the celebration of the majority of the United Baking Society. It was also the inauguration of an extension of premises and plant. The buildings formed the largest and most picturesque co-operative bakery in the kingdom. I doubt if there was another to equal it for beauty of elevation in any part of the world. They had thirty-five ovens, and they were baking between 700 and 800 sacks a week; while they had a capacity for baking 1,000 sacks weekly. They had also a plant for the making of fancy biscuits. Their outlay for lands, buildings, and machinery was £30,000. They delivered bread to retail societies as far as fourteen miles distant. While their expenses amounted in 1869 to 9s. 4d. per sack, they at this date only amounted to 6s. 2d. per sack. They were employing 110 men.

The society's later balance-sheets show continued prosperity. At the end of 1891, there were 48 shareholding societies in the federation, with £51,647 of share and loan

<sup>1</sup> *Co-operative News*, p. 668.

<sup>3</sup> *Ibid.*, vol. xviii. p. 601.

<sup>2</sup> *Ibid.*, vol. xvii. p. 256.

<sup>4</sup> *Ibid.*, vol. xx. p. 1011.

capital. The sales for the year had been £118,220, and the net profits amounted to £11,720, out of which £821 was divided among the employés as bonus on wages. The balance-sheet for the quarter ending October 29, 1892, reported the number of shareholding societies to be 51; the paid-up share capital was £10,339, and the loans amounted to £46,669. The reserved funds stood at £4,392, being nearly half the paid-up share capital. The sales for the quarter amounted to £34,921, from which, after paying interest on all capital, a profit of £2,906 was realized. Out of this profit a dividend was declared on sales at the rate of 1s. 4d. in the pound to shareholders, and of 8d. in the pound to non-shareholders; the employés were paid a bonus of 1s. 4d. in the pound on their wages, and a grant of £200 was made to the Scottish Co-operative Seaside Homes Fund. The actual expenditure on land, buildings, and plant had been over £50,000; but by depreciation it stood in the assets at £37,227 only. The quantity of flour baked during the quarter had been 15,532 sacks, or an average of 1,194 sacks weekly. The number of persons engaged in the business was 255, and the wages paid for the quarter amounted to £3,632.

During 1892 a large new building was commenced in M'Neil-street to give the requisite accommodation for the extended business. In the course of erection a portion of it collapsed on Aug. 13, 1892, thus delaying the completion and causing some loss. At the shareholders' meeting in Sept. 1892, the committee were granted powers to buy some more land contiguous to their bakeries, for the purpose of erecting additional biscuit-works, their trade having greatly increased in this department in consequence of an arrangement with the Scottish Wholesale Society, which put the Baking Society 'in a position to supply the whole of Scotland'.<sup>1</sup>

The relations of the Bakery Society with other societies

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 626, 916, and 1004.

seem to be exceedingly harmonious. They purchase flour from the Scottish Wholesale, and sell biscuits, &c., to them. Out of total purchases amounting in 1891 to £95,698, £81,325 were made from the Scottish Wholesale Society. In the same way all the horses used by the Baking Society were purchased from the Scottish Farming Society<sup>1</sup>.

On July 30, 1892, new rules were registered containing several important alterations. The voting qualification was altered from one vote to each member, and one additional for each £80 of purchases, to one for each member and one for each £160 of purchases. For the first time provision was specially made for the employés to form a part of the society, *as employés*, by enabling an 'Employés Bonus Investment Society' to become a shareholder, to have one vote as such, and an additional vote for each £80 of capital invested by it in the Baking Society. The employés have formed this Bonus Investment Society; and, for a commencement, they have taken up 2,000 10s. shares in the Baking Society. No servant of the Baking Society can be a member of the committee, unless appointed by the Bonus Society; and the latter can only make an appointment, if duly elected to do so at a members' meeting. The possible number of servants that can be on the committee at any given time is therefore limited to one<sup>2</sup>.

A new departure in another direction was made at the latter end of 1892 by the institution of a purveying department, including the opening of tea-rooms in different parts of Glasgow<sup>3</sup>.

The amount of baking done by English societies is not by any means so great in proportion to the extent of co-operation as it is in Scotland. An analysis of the *Co-operative Directory* shows that there were in 1889 208 English societies with baking departments. Three of these are

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 256 and 917.

<sup>2</sup> Rules of the Society and *Co-operative News*, vol. xxiii. pp. 435 and 626.

<sup>3</sup> *Co-operative News*, vol. xxiii. p. 1005.

small federations. The number of members in the 208 societies is 285,287. An examination of the number of returns that societies kindly filled up for me in 1889 and 1890, and also of a number of balance-sheets, shows that the sales of bread per member are not, on the average, half what they are in Scotland. This is owing to the greater prevalence of baking at home. Leeds, with 26,348 members, only did a baking business of £7,860 a year; yet its sales of flour, including supplies to the bakehouse, were over £120,000 a year. Rochdale, with 11,278 members, did a bread trade of £7,186 a year; and Bolton, with 13,448 members, did £12,038 a year. As we go farther south the proportion increases, and at the same periods we had Plymouth, with 13,465 members, doing a bakery trade of £14,000 a year. Portsmouth, with 2,740 members, did a trade of £11,000 a year; Stratford, with 5,445 members, did £21,500 a year; New Brompton, with 1,233 members, did £7,570 a year; Oxford, with 1,554 members, did £7,280; and Chipping Norton, with 892 members, did £7,018 a year. Altogether, it would not be safe to put the sales of bread in the English societies with baking departments at a higher rate than £2 10s. per head per year. This would give us an annual turnover of £713,217. It is impossible to make more than a guess at the profits on baking, as so few societies give separate figures, but it cannot be less than 3s. in the pound net on the sales, or equal to £106,982 a year.

Baking is rapidly becoming a factory business. Instead of the miserable underground workshops, reeking with cobwebs, cockroaches, and filth of all descriptions, where every operation was performed by hand, that were almost universal a generation ago, it is now usual to find bakeries located in specially erected buildings with many mechanical appliances, and with minute regard to sanitary arrangements. Co-operative societies have taken the lead in these improvements, and can justly boast of possessing some of the finest bakehouses in the kingdom.

One of the largest co-operative bakeries is that belonging to the Pendleton Society. It can convert into bread from 700 to 800 sacks of flour weekly. The building is three stories high. The bakehouse is over 90 ft. long, 36 ft. wide, and 17 ft. high. It is lined with white glazed bricks, and has a dado of coloured bricks to improve the appearance. There are sixteen of Mason's continuous hot-air ovens. The top floor is the flour room, and the middle floor is the mixing room. 'The flour is passed through a sifting and mixing machine, where it is thoroughly separated and freed from impurities; it passes thence to a sponging machine, and from this to one of Lindop's kneading machines.' A patent dough-divider then makes forty-eight 2 lb. loaves at one operation. The ovens are 'fitted with travelling baking plates to enable the whole batch to be set or drawn at one operation, thus securing perfect baking with the utmost economy of labour and fuel.' Finally, 'on the side of the bakehouse next the yard there are folding doors enabling the bread, when baked, to be run on to a cooling platform, and thence loaded on trays into the vans, which draw under cover to receive their loads<sup>1</sup>.'

An old, but very healthy and prosperous society, that was originally exclusively a baking society, and still sells nothing but what it produces, is the Economical, at Sheerness. It was started in 1816. At the outset the shares were 5s. each. For a considerable time the committee, who were also trustees, 'performed the duties of shopmen in the evenings, for which they received payment at the rate of one penny per member per week. Bread at that time was upwards of 3s. per gallon, while the wages of the artisans were less than £1 per week.' For the information of readers unacquainted with this method of selling bread, it is as well to say that a gallon is equal to eight pounds; so that the quartern, or four pound loaf, would cost 1s. 6d. 'The principle was to sell as near cost price as possible, one of

<sup>1</sup> *Co-operative News*, vol. xvii. p. 343, and vol. xviii. p. 467.



the rules requiring that there shall be such a percentage added to the prime cost of flour as will cover the expenses of manufacturing and retailing it.' In 1859 an attempt was made to get the rules registered, but as the Registrar would not accept them, and the members would not alter them, the attempt failed. They were altered, however, in 1863; but only at the loss of both members and trade, which was gradually recovered; and in 1874, 'they had so far redeemed themselves that the committee were in a position to recommend the erection of a steam flour mill at a cost of £1,800.' In 1876 the society numbered 286 members, with a capital of £3,550<sup>1</sup>. In September, 1884, a general meeting determined to purchase some pasture land; and early in 1885, a farm of 41 acres was purchased at West Minster. The cost of this little farm was £2,570. Steps were at once taken to start a dairy to supply the members with milk, and the measure of success is seen by the committee's report in October, 1886, when they said,

'The extraordinary demand for milk resulted in our having to obtain a large number of cows, and thus ensure our customers being supplied with a guaranteed article. The number of beasts owned by the society, including yearlings, is 53; and it is expected this number will have to be increased to at least 100 before this time next year, necessitating a further outlay for building accommodation, &c. We are in full possession of our 29-acre piece of land, and the 4-acre piece leased from the War Department. We have also on lease another 11 acres, part of which adjoins our 11-acre freehold piece, which makes a total of 55 acres of pasture land; and it is expected this will have to be still further supplemented to meet the increased requirements.'

During the next eighteen months they suffered a serious loss, as, according to the committee's report in April, 1888,

'the whole of our fine herd of cattle—viz. 54 cows, bull, and 21 calves—have been slaughtered by order of the county authorities, with a view to stamping out the disease (pleuro-pneumonia) that was introduced amongst our cattle by a cow that came from

<sup>1</sup> *Co-operative News*, vol. vii. p. 308.

Croydon Market last November. . . . Steps have been taken to secure another herd.'

The loss, amounting to about £900, less compensation from the county, appears to have been at once written off out of the half-year's profit. The report for the half-year ending October, 1889, said: 'The present herd consists of 44 cows, and as we have been fairly fortunate as regards casualties, and also been favoured with a good crop of hay, the result of this half-year will in a measure compensate for some of the losses sustained in this department.' This balance sheet showed the number of members to be 978; the capital, £11,400; the total sales for the half-year, £7,950; and the net profit, £1,546. The *Co-operative News* contained further details not in the balance sheet. The total profit was made up as follows: the mill, £385; bakery, £634; farm, £383; and shop, £144. A dividend was declared of 3s. in the pound on purchases from shop, bakery, and farm, and one of 1s. 1d. in the pound on purchases from the mill<sup>1</sup>. Mr. Knoyle has informed me that the employes receive bonus,  $1\frac{1}{4}$  per cent. of the profits being distributed among them in proportion to their wages. For the half-year under review, the amount would therefore be £19 6s., and as the wages were £788, the division to the employes would be at the rate of about 6d. in the pound on their wages. Mr. Knoyle also informed me that the mill was only worked about 63 hours a week, and it has an output of 120 sacks weekly. There are no rollers, and all the flour is used by the society with the exception of ten sacks sold weekly to the Sheerness Provision Society for scaling purposes.

The society has continued to prosper and to extend. At the latter end of 1890, it 'purchased an additional 34 acres of pasture land at a cost of £43 12s. 6d. per acre<sup>2</sup>.' The sales of the society in 1891 amounted to £29,464, on which a profit of £2,798 was realized. The employes received £36 of this as bonus on wages; being at the rate of 3d. in

<sup>1</sup> *Co-operative News*, vol. xx. p. 1315.

<sup>2</sup> *Ibid.*, vol. xxi. p. 1245.

the pound. The share capital was £12,928, and the reserve fund was £643<sup>1</sup>.

Three hundred and forty-five societies in Great Britain, with a total membership of 551,020, have butchery departments. The sales per member average over £3 per year; or a total of at least £1,653,060. Most of the societies kill and dress their cattle, and comparatively little meat is bought ready killed. So far as the slaughtering and cutting up for sale is concerned, butchering is just as much a productive industry as milling, baking, or weaving. But the same men are invariably employed in retailing the meat; so that we have here a case where it is impossible to make the usual separation of the two functions of production and distribution. The number of employes, in proportion to trade done, varies considerably. At Perth, in 1889, there were ten butchers to conduct a trade of £10,000 a year, while at Gateshead, fifteen managed to carry on one of £34,000 a year. At Bury, there were nineteen hands for a trade of £28,000 a year; and Mr. Rigby told me that if two men and a boy were kept continuously at it, they could do the slaughtering for the whole, but of course not the cutting up. This was confirmed by the St. Cuthbert's Society, where it was estimated that two men could kill all the meat required for a business of £22,000 a year.

There are tailoring departments in 231 societies, with a total of 471,244 members. One hundred and sixty societies, with 392,298 members, have milliners; but eleven only, with 30,862 members, have dressmakers. It is somewhat extraordinary to see the number of societies with millinery departments, and so few with departments for dressmaking. It is probable that this arises from the fact that the same person who serves behind the counter can undertake the work of making-up bonnets; whereas it would be impossible for her to undertake the more prolonged and serious operation of making a dress. Perth and Bolton seem to

<sup>1</sup> Co-operative Congress Report, 1892, p. 174.

be in the first rank for the employment of these classes of labour. The former, in 1889, with 2,971 members, employed 21 tailors, 26 dressmakers, 13 mantlemakers, and 7 milliners. The latter, with 13,448 members, employed 32 tailors, 12 milliners, and 42 dress and mantlemakers. The tailoring sales throughout the kingdom do not appear to average more than 4s. per member per year; and this low rate probably indicates a greater call for ready-made garments made in factories, than for bespoke goods made on the premises. The dressmaking, mantle, and millinery, added together, shrink still further, and will scarcely exceed 2s. per member per year. The probable cause of this is the practice of making dresses, &c., at home; or of getting them made by persons who, with perhaps the solitary assistance of an apprentice, earn their living by working for a small circle of friends. On these estimates, the total annual sales would be—for tailoring, £94,248; and for millinery, mantlemaking, and dressmaking, £39,229.

It is very difficult to arrive at an estimate of the boot and shoemaking and repairing that is done by the retail societies, as some societies with boot departments do not even do repairing, and very many purchase all the goods they sell. Bootmaking is every year becoming more and more a factory industry; and fewer boots are consequently made by people directly employed by the retail societies. Leeds, however, in 1889, had no less than 92 men employed; and Plymouth, with two-fifths of the number of members, had a staff of 45 shoemakers. At the end of 1892, Leeds was employing 117 persons.

Of that truly north-country institution, clogging, it was possible to get more details. In 1889, 110 societies, with 210,147 members, had clogging departments. Sixty-one of these were in Lancashire, and 25 in Yorkshire. There appeared to be only one in Scotland. For both clogging and shoemaking, Rochdale had 27 hands to cater for its 11,200 members; Bury had 41 for its 9,997 members; and Accrington had 50 employed for 6,636 members. The

total value of the production of shoes and clogs in retail societies could scarcely be less than £150,000 a year, and possibly might be double this figure.

Glasgow seems to be the favourite residence of the Federalist. There are the Scottish Wholesale, the United Baking, and the Co-operative Drapery and Furnishing, Societies. This latter was, in 1889, a federation of 34 societies. It supplies the members of these societies with a large central store, where they can procure anything they need in the trades above-named. Many of these societies could not possibly have entered into domestic production on their own account. But through federation, they paid for productive wages in the half-year ending January 1890, £658 to tailors, £281 to dressmakers, £59 to milliners, and £101 to shoemakers, making a total for the year of £2,200. They did not show the value of the produce, but it must have been fully £6,000 a year. In consequence of a little friction in 1892 between some societies and the Scottish Operative Tailors' Union, the Glasgow Drapery and Furnishing Society publicly asserted that they 'never resisted any attempt on the part of their workers to improve their condition; but, in fact, have always acted on the advice and in harmony with the Glasgow executive' of the Trades Union. The Union Secretary confirmed this, adding, it 'was pointed out to the delegates, that both male and female workers employed were paid the standard rate of wages, and the recognized time log<sup>1</sup>.'

Summing up the value of the productions in all these domestic trades, we get a total production of £3,347,480 a year. The total number of employés, as nearly as I can estimate it, is—bakers, 1,600; butchers, proportion required for killing, dressing, and cutting-up, 600; cloggers, shoemakers, and repairers, 1,200; tailors, 700; and milliners, mantle, and dressmakers, 500; making a grand total of 4,600 employés<sup>2</sup>.

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 257 and 285.

<sup>2</sup> This is a considerably less estimate in proportion to the sales than

Although the productive departments that have been noticed are the chief of those that are worked by retail distributive societies, there are others that will be noticed later on. The principal are corn-milling and farming. But in addition to these, several societies have, or have had, productive departments of a miscellaneous character. For instances, Leigh has both a corn mill and a weaving shed; Darwen had a colliery; Dalton-in-Furness has a tin-smiths' and gas-fitting department; Accrington has had a cabinet-makers' shop for about fifteen years, and, in 1890, had about 40 hands employed. The Rochdale Pioneers have manufactured tobacco for over twenty years. They had 15 hands employed in 1890, and manufactured not only for their own consumption, but for sale to other societies. The Leeds Society, besides its corn mill, has had a building department since 1873, which, in 1890, was employing 42 men. From it the society gets 'better work done' than from private builders, although it is 'doubtful' whether the department is financially profitable. Leeds also started a brush factory in 1888, in which there were nine people employed. Sales were made not only to members of the Leeds Society, but to other societies. I am told that making brushes has been found to be more profitable than buying them ready made. The Seaton Delaval Society manufactures gas for its own use, and apparently sells a small quantity also<sup>1</sup>. The adoption of electric lighting is increasing the amount of productive labour employed by societies. Although each society will only employ a small amount of labour, yet it will amount in the total to a considerable item.

I made for *Working Men Co-operators* in 1883. In both cases I have estimated from returns obtained from a number of societies, but in the present instance I have had, on the whole, more data; and since 1883 the increased use of machinery has reduced the number of employes in proportion to turnover. In the earlier case, too, I took all the butchery employes as being engaged in production; but in this case I have only taken one-third as being so, and assumed that the remaining two-thirds are engaged in a purely distributive occupation.

<sup>1</sup> *Co-operative News*, vol. xx. p. 779.

In the returns obtained in 1889 by the Central Board, 47 societies in England and Wales, with productive departments, replied that they did not give bonus on wages, and five replied that they did give bonus. One of these was in the northern section, and furnished no details. One was in the north-western section, and stated that a percentage on sales was given in the baking department only. The other three were in the southern section. One gave no details; but the others gave, in one case, a fixed sum of 5 % on wages, and in the other case, one halfpenny in the pound on the baking sales, to be divided in proportion to the wages of the bakers. These returns are, however, obviously incomplete, as so few societies took the trouble to reply<sup>1</sup>. For instance, according to information supplied to me by the societies in 1889, Bolton gave 2½ % of the net profits to be divided among all employés with fixed wages, whether distributive or productive. Oxford gave a bonus to bakers only, which amounted to about 6 % on wages. Woolwich gave all employés in every capacity a bonus on wages at the same rate as the members' dividend. Norwich did the same; and Plymouth had yet another system which was worked departmentally on the following basis:—If the profit amounted to 1s. in the pound, the employés received 6d. in the pound on their wages; if the profit was over 1s. and under 1s. 6d. in the pound, the employés received 9d. in the pound on their wages; and if the profit was over 1s. 6d., the employés received 1s. in the pound on their wages.

At the Congress of 1889, a further instruction was given to obtain information on the practice and opinions of societies on profit-sharing. In obedience to this instruction, the productive committee of the United Board issued circulars, and they reported the results as follows to the March meeting of the Board:—

<sup>1</sup> Co-operative Congress Report, 1889, p. 40.

<sup>2</sup> *Co-operative News*, vol. xxi. p. 247.

'We sent out 1,503 of these circulars, each with a stamped envelope for reply. We regret to say that out of this number only 488 have seen fit to reply, the remaining 1,016 having doubtless used our stamp for some other purpose. The 488 replies have been gone through very carefully, and the results are submitted to you in tabulated form, as follows:—

### QUESTIONS ON CO-OPERATIVE PRODUCTION.

'1. Do you carry on productive works, or productive departments of any kind?

'2. If so, are you prepared to fall in with the Congress resolution as follows?—"That this Congress re-affirms the principle that by whomsoever productive enterprises are established, either by the Wholesale or the distributive societies, or the organizations of the workmen themselves, an alliance be formed on equitable conditions for the sharing of profits and risks between the worker, the capitalist, and the consumer."

'3. Are you prepared to use your influence in support of the Congress resolution with any society carrying on production in which your society may be a shareholder?'

### ANALYSIS OF REPLIES TO ABOVE QUESTIONS.

SECTION.	Circulars sent out	Total replies received	1st Question. Do you carry on productive works, or productive departments of any kind?		2nd Question. If so, are you prepared to fall in with the Congress resolution?		3rd Question. Are you prepared to use your influence in support of the Congress resolution with any society of which you are a member?		Not connected with production.
			Affirmative.	Negative.	Affirmative.	Negative.	Affirmative.	Negative.	
Irish .....	10	5	—	5	1	4	3	1	1
Midland .....	220	76	51	25	32	44	41	34	1
Northern .....	147	52	17	35	16	36	27	21	4
North-Western .....	484	145	50	95	41	104	65	73	7
Scottish.....	322	89	36	53	32	57	49	37	3
Southern .....	230	89	31	58	46	43	69	17	3
Western .....	90	32	3	29	12	20	20	9	3
Totals.....	1503	488	188	300	180	308	274	192	22



After giving specimens of replies received, the committee concluded by saying :

‘ With the presentation of this report, containing the result of our special inquiry, our duty so far as that is concerned is at an end. But we cannot help expressing an opinion that, in face of the discouraging nature of the replies from the societies, any further action would be futile. Judging from the paucity of replies, it is evident that amongst the general body of our members very little interest is taken in this question, and we must trust to more active educational work in the future to prepare the ground for a fuller and fairer discussion of these weighty questions<sup>1</sup>.’

It is worthy of note that, according to the above replies, while only 180 societies were willing to fall in with the Congress resolution, no less than 274 were willing to ‘ use their influence ’ with other societies to induce them to do so. This can only mean that 94 societies are prepared to try to make others do what they are not prepared to do themselves.

Two points in the constitution of distributive societies must be noticed as bearing on the position of those employed by them in their productive departments. Employés are almost invariably allowed to become members of the societies in which they are employed, and to take part in the business of the general meetings ; but they are almost equally invariably disqualified from becoming officers of the society. I know of only one instance of disqualification of an employé for membership, and of only two instances where they are qualified to become officers ; although, of course, there may be others.

In accordance with a resolution of a members’ meeting, the Co-operative Wholesale Society sent out a circular in 1890 to 881 societies, with the following results : 282 societies replied ; of these, 94 gave bonus to their employés, and 188 did not give bonus. There were 2,758 employés in the 94 societies that gave bonus, of whom 1,612 were in the dis-

<sup>1</sup> Congress Report, 1890, p. 40.

tributive and 1,146 in the productive departments. The bonus paid in 1889 was £5,977. Of this sum £4,314 were paid to the employés in the distributive departments, and it averaged  $5\frac{7}{8}\%$  on their wages. The remaining £1,668 were paid to the employés in the productive departments, and averaged  $2\frac{7}{8}\%$  on their wages. The total average was  $4\frac{1}{2}\%$ <sup>1</sup>. •

<sup>1</sup> *Co-operative News*, vol. xxi. p. 350.

## CHAPTER XIV.

### CORN MILLING.

THIS industry is one that has always been approached co-operatively from the consumers' side. I know of no instance where the workers have started a co-operative corn mill. The materials for a statement of the extent of co-operative milling are easy of access. In the *Wholesale Annuals* for 1883 and 1884, Mr. William Nuttall gave summaries of most of the then existing corn-milling societies; and I have been favoured with details, direct from the societies up to the end of 1889, from nearly all those that are now in existence.

The oldest of these societies were established exclusively for milling. Some have rigidly kept to this object; but others have branched out into additional businesses. Thus Leeds has become the largest distributive society in the country, and Rochdale has added a department for malting. In the matter of selling, too, there are differences. Some societies supply only their own individual members, and some mills have been started simply as adjuncts to existing retail societies. Other milling societies have both individual and society members, and do both a retail and a wholesale trade; while there are again others that are federal associations, and restrict themselves to selling wholesale to the distributive societies.

The oldest existing association is the Hull Anti-Mill Society, which was started in 1795. Mr. Blackstone (the secretary) has supplied me with very full information con-

cerning the society, from which I have extracted the following details :—

‘Its origin was no doubt due to the exorbitant charges by other millers and shopkeepers, and against whom the poorer inhabitants of the town were compelled to compete. At the society’s formation, it was decided to petition the mayor and aldermen of the borough in favour of the society, as follows :—

“We, the poor inhabitants of the said town, have lately experienced much trouble and sorrow in ourselves and families on the occasion of an exorbitant price of flour ; that though the price is much reduced at present, yet we judge it needful to take every precaution to preserve ourselves from the invasions of covetous and merciless men in future. In consequence thereof, we have entered into a subscription, each subscriber to pay 1s. 1d. per week for four weeks, and 6d. per week for four weeks more, which is 6s. 4d. each, for the purpose of building a mill, which is to be the subscribers, their heirs, executors, administrators, or assigns, for ever, in order to supply them flour ; but as we are conscious that this subscription will not be sufficient to bring about our purpose, we do therefore humbly beseech your worship’s advice and assistance in this great undertaking, that not only we, but our children even yet unborn, may have cause to bless you.” The mayor and aldermen were pleased to answer that they highly approved of the idea, and several of them gave very liberal donations towards carrying out the undertaking, amounting in all to about £350. The foundation stone of the society’s mill was laid on June 7, 1796, by Sir Henry Etherington, Bart., who had given a donation of £100 towards the object. The mill was opened on June 7, 1797, and it cost upwards of £2,200.’

The *Wholesale Annual* for 1883 (p. 125) contained a woodcut of this old mill. It was of the usual windmill type, but apparently exceptionally well built. Mr. Blackstone has given me an extract from the *English Chronicle* of June 13, 1797, which says :

‘The mill was opened on Wednesday in great form. The society, accompanied by the band of music belonging to the Durham Militia, went in procession to the statue of King William, round which they marched three times, playing ‘God save the King.’ From thence they paraded round the dock, and proceeded to the mill, where they partook of an elegant

dinner, and afterwards spent the day with the greatest hilarity. A gentleman gave them two crown bowls of punch to drink success to the undertaking at the top of the mill, which was performed amidst the rejoicings of the company.'

Continuing his narrative, the secretary said that the number of the original members was 1,435, and then told of the early persecution endured by the society.

'After the society had commenced in 1797, it was found to be doing so well and taking so much trade from private millers that in 1810 the millers of the town decided to put the society down. It was, therefore, indicted as a nuisance, which it certainly was to them, and which they undertook to prove at York, on the 1st of August, 1811. At the close of the trial, however, it was found that a Yorkshire jury considered poverty a still greater nuisance, and deeming the society to be an institution likely to reduce poverty, they gave a verdict in its favour, and for thirty-six more years the society continued to work without official aid or the millers' opposition. In 1847 such was the demand for flour that it was determined to issue new shares of 20s. each to the number of 2,500, and to erect a steam mill, which cost £1,312.'

In 1854, the members appointed a committee of inquiry, which reported that on the thirty years' trading there had been a loss of £692, and in 1853 alone one of £90. This appears to indicate that up to this date the old fashion had been followed of selling at as near cost price as possible, the profits, if any, being added to capital. This inquiry 'resulted in the board introducing a new system of trading and working the mills, and in two-and-a-half years the society was able to show a profit of upwards of £1,100.' A new rule was at this time adopted 'appropriating one-fourth of the profit each year until cash and stock reach £3,000. The bonus in 1854 was £589 in flour, and in 1855 the first cash bonus of 3½d. per stone amounting to £858 was paid to the members. In 1856, the number of members was 2,100.' £1,340 was expended in new premises and machinery, and the society was for the first time registered under the Industrial Societies Act. 'Flour

was also now supplied to the public as well as to the members, the whole of the profits being divided among the members in proportion to the flour consumed.' In 1862, the society was registered afresh under the new Act, which conferred limited liability, and the share capital was allotted among the members in shares of the value of 25s., each member receiving two of them. Another re-valuation was made in 1877, when the shares were declared to be worth 40s. each, and altered accordingly. They have continued at this figure up to the present time.

In 1885 the society went abreast of the times by laying down a roller plant, at a cost of £4,000, capable of producing 800 sacks a week; and in 1888 they displaced their old beam engine to make room for a modern engine of 180 indicated horse-power, which was christened 'Joseph Mills,' after one of the directors, who had been connected with the society for about thirty years.

Mr. Nuttall has collected a number of statistics, from which I have made extracts. In 1858 the number of members was 1,838, the capital was £3,935, the sales were £26,075, and the profits were £777. In 1868 the capital was £5,186, the number of members was 4,149, the sales were £62,837, and the profits were £1,085. In 1878 the capital was £9,594, the number of members was 4,797, the sales were £71,744, and the profits £1,575<sup>1</sup>. The Congress report for 1889 gave the number of members as 4,903, and the capital £12,322. At the annual meeting held on February 12, 1890, the ninety-fourth annual balance sheet was submitted. It stated that 447,969 stones of flour had been sold, being an increase of 65,787 stones over the previous year. The value of the sales was £35,326, or about £5,000 over the sales of 1888, and the net profits were £887. The profits were all taken to the reduction of the loss caused by changing their machinery. A re-valuation of the society's assets was made, and it was

<sup>1</sup> *Wholesale Annual*, 1883, p. 126.

determined to write down the £2 shares to two shares of 15s. each, so as to clear off the loss caused by replacing the old machinery<sup>1</sup>.

The cause of the decreased amount of sales is the lower range of prices, as will be seen by the following comparison of wheat quotations. In 1858, the average was 44s. 2d. per quarter, in 1868, 63s. 9d.; in 1878, 46s. 5d.; and in 1888-9, only 30s. 6d. This difference in prices should also be kept in mind when the statistics of the other milling societies are being considered.

In answer to questions, Mr. Blackstone informed me in 1890, that the Hull Anti-mill employed thirteen men; and that the society did not pay bonus to the employés.

The society was very prosperous during 1890 and 1891; but I have been told by a Hull resident that 1892 has been a trying year for it. The latest figures at my command are for 1891. At the end of that year the society had 5,008 members, with £8,890 of share and loan capital, and £1,365 of reserve funds. The sales for the year were £37,258, and the profits were £690<sup>2</sup>.

This mill may be taken as the type of a number of others, including the Hull Subscription Mill, which was started in 1801; the Whitby Union Mill, begun in the same year, but lately wound up, some details of which have been previously given; the Garforth, started in 1854, and dissolved about 1873; the Guisborough, started in 1856, first registered in 1863, and dissolved in or before 1871; the Stokesley, established in 1858, and dissolved in 1873; the Thirsk, started in 1847, registered in 1853, and dissolved about the year 1883; the Hull United, started in 1867, and dissolved in 1883, owing to the failure of the retail distributive society at Lowgate, Hull, with which it was closely connected; the Great Grimsby, started in 1866, and dissolved in 1887; the Ripon, started in 1854; the

<sup>1</sup> *Co-operative News*, vol. xxi. pp. 155, 182.

<sup>2</sup> *Co-operative Congress Reports*, 1891, p. 152, and 1892, p. 174.

Easingwold, started in 1855; and the Northallerton, started in 1857.

The dissolution of those of the above-named societies that are defunct was principally caused by the modern improvements in milling machinery, which necessitated a considerable additional outlay of capital, and a larger production to ensure profitable working. As the societies had been established to supply a small local demand, they were unable to comply with these conditions of success.

Of the four mills out of the above-named that were in existence in 1889, the Registrar's return for 1888 showed the Hull Subscription Mill to have 3,567 members, £3,568 of capital, £3,630 of sales, and a profit of £38 only. The sales in 1887 were £4,106, and the profit £45. Their sales have been as high as £13,327 (in 1873), and their profits have been as high as £1,273 (in 1879)<sup>1</sup>. This society was wound up in 1890<sup>2</sup>; and I am informed by a Hull co-operator that the winding up was the result of the members refusing to supply additional 'capital to enable the directors to get the new machinery required for the successful working of the business.' The members received a return of 7s. 6d. per share.

The Ripon Society was small at the outset, and has gradually become smaller. In 1863 there were 302 members. In 1873 there were 178 members, with £12,000 of sales, but no profits<sup>3</sup>. In 1888 there were 137 members, with £716 of capital, £5,134 of sales, and £90 of profits<sup>4</sup>. At the end of 1891, the members were reduced to 132, and the capital to £689. On the other hand, the sales had increased to £5,799 for the year, on which a profit of £129 had been realized<sup>5</sup>.

The methods of making up accounts at Easingwold and Northallerton have a peculiar old-world flavour that is very

<sup>1</sup> *Wholesale Annual*, 1883, p. 129.

<sup>2</sup> Registrar of Friendly Societies Return, 1890, p. 123.

<sup>3</sup> *Wholesale Annual*, 1883, p. 147. <sup>4</sup> Registrar's Return, 1888.

<sup>5</sup> Co-operative Congress Report, 1892, p. 150.



interesting, and the figures indicate a very sound state of affairs. The balance sheet of the Northallerton Society for the half-year ending June 30, 1889, showed that 1,353 shares were paid up, with a total of £1,731 15s., or equal to £1 5s. 7d. each. But 454 shares had been repaid up to December, 1888, with £684 17s., or equal to £1 10s. 2d. each; while in the June half-year of 1889 six had been repaid at the rate of £1 11s. 6d. each. It would appear, therefore, that on a shareholder retiring he is granted a portion of the reserve funds of the society. In June, 1889, there was a surplus of assets over liabilities of £2,147, which was equal to about 40s. in the pound of the remaining shareholders' paid-up capital. Their sales for the half-year were £4,504, and their net profit £346, all of which was carried forward, as their practice is to declare a dividend yearly. At the beginning of 1890, they paid 5 % interest on shares, and a bonus of 1d. per stone on flour to the retail purchasers (shareholders only). This amounted to £331 10s. 6d., or about half the total profits for the year. The number of their employés is six. They do not pay bonus on wages. They changed from stones to rollers in 1886. The sales in 1891 were £9,620, and the profits amounted to £166<sup>1</sup>.

The Easingwold balance sheet is issued half-yearly. This society also changed from stones to rollers in 1886. They employ four men and two boys, and produce about 200 sacks of flour weekly. They do not pay bonus on wages. Their sales for the year 1889 were £9,320, and their profits were £333, all of which were added to 'trade capital.' Mr. Taylor, the secretary, informed me that shareholders are supplied at 1d. per stone less than non-shareholders. Also that the shares are transferable. 'We have not a fixed rate of interest payable to shareholders,' he said, but 'the profits have been divided in dividends up to the change to the new system of milling, which involved a large outlay,

<sup>1</sup> Co-operative Congress Report, 1892, p. 174.

and you will see by the report that it is recommended to carry all the profits to capital.' The shareholders' capital in 1890 amounted to £1,132, and their undivided profit, or reserve fund, was £4,421.

The Leeds Corn Mill was started in 1847. The 1881 Co-operative Congress handbook gave the following account of its origin :—

'In 1846, flour in Leeds was 4s. per stone of 14 lbs., and very poor; also it was adulterated to a very great extent. A deal of grumbling was the consequence, but no one appeared to know what means to take to remedy this state of things. A few working men at one of our large flax mills had been discussing the question. They thought if they could only induce a number to join them, and get a mill and grind their own corn, they would at all events get *pure* flour. After a considerable amount of argument, *pro* and *con*, they resolved to subscribe so much each towards the preliminary expenses of calling a meeting to consider the question. They mentioned the subject to their master (Mr. Benyon), and he said he was glad to hear of their project, and gave £1 towards the expenses.'

The men then issued a circular calling a meeting to consider the subject, to be held in a joiner's shop behind the Union Tavern, on Monday, March 1, 1847, and expressing their desire to raise 1,000 members at 20s. each 'for the purpose of carrying on this noble enterprise.' About 100 persons attended.

'A public meeting was then called in the Tabernacle school-room, Meadow-lane, where over 1,000 persons attended. A large committee was elected at this meeting to launch the project before the public. In two months from this meeting over 1,000 persons had paid the entrance fee of 1s.; and on July 8, 1847, the first rules were registered.'

'The directors at once advertised for a corn mill. The millers in Leeds tried to prevent one being obtained by the society; but ultimately one was obtained in Britannia-street, and rented and worked for eighteen months. The first corn was bought by the society in September, 1847; thus, we see, that within seven months from the first subscription being paid, a mill was taken, corn ground, and bread made and eaten at a tea meeting to celebrate the commencement of the society.'

Among other particulars, it is mentioned that tin checks were given on purchases. 'These were brought in every half-year, and bonus declared on the number brought in.' One of the first subscribers to the corn mill sent an account to the *Christian Socialist* in 1851. From this I have picked a few details. Before business was commenced the society had enrolled 2,000 members at £1 each. They did not succeed very well in the hired mill, as the machinery was bad. For some time they 'made plenty of errors and blunders.' They appointed thirty-eight shopkeepers to act as agents, who were bound not to sell any other flour, and who received a remuneration of 1s. 3d. per bag of twenty stones for selling out. In April, 1848, they purchased a mill for £2,400, and fitted it with machinery at a cost of £2,000. On January 4, 1851, they still owed £1,500 of the outlay, for which they were paying 4 per cent. per annum interest. At this date they had 3,400 members. The machinery was running night and day, and they employed on the premises eleven persons at wages varying from 6s. to 35s. a week. Their mill was five stories high, and 'fireproof.' On an average they ground 300 quarters of grain weekly, which yielded about '1,100 bags of flour monthly.' In the half-year ending December 31, 1850, they sold goods to the amount of £14,800, and the account stated that 16,000 people had been supplied. The cost of grinding was under 2s. per quarter. The price of best flour in Leeds was at that time 1s. 10d. per stone of 14 lbs.; but the corn mill was selling flour at 1s. 9d., and it was asserted that there was none better. The starting of the society had brought down all the other dealers at least 2d. per stone in their prices. Although they were selling at nearly cost price, they had had an average profit during the last six months of £80 per month; and a stone of their flour was found to make one or two pounds more bread than the flour generally sold to the public. But it was difficult to get the members to understand co-operation. While their flour was lower than others, they had a full demand; but when it had happened

that the dealers had reduced their prices to the same level, the demand at the mill fell off one-fourth. Then there were plenty of people who paid 1*d.* and 2*d.* per stone additional elsewhere for the sake of getting credit<sup>1</sup>.

The Wholesale *Annual* for 1883, pp. 134-5, had a series of statistics of the Leeds Society from the commencement. The first year (1847) showed the slight loss of £44; but from then up to 1881 they had an uninterrupted and increasing profit. The corn mill profits were not shown separately in these statistics, but the 1881 Congress handbook said that up to 1856 the results of the society's operations were as follows:—Capital subscribed in the nine years, £4,448; capital withdrawn during the same period, £495; leaving the net capital actually paid in, £3,953. The profit made in the same period was £9,456, and the amount of bonus paid to members was £5,937. In 1856 the sale of groceries and provisions was added to their business; and 'the directors substituted for their agents stores upon the Rochdale plan, which have been in operation ever since, and have worked with great satisfaction.' For the half-year ending June 30, 1879, their sales of flour were 25,921 bags, being an increase of 2,258 bags over the previous half-year; and the profits allowed a dividend of 2*s.* 6*d.* per bag<sup>2</sup>. For the year ending June 30, 1882, the sales were 58,137 bags<sup>3</sup>. For the half-year ending June 30, 1888, the committee reported that the sales were 34,648 bags, or 2,352 bags less than in the corresponding period of 1887. In this report they also said,

'The relation existing between the flour department and the grocery, in regard to the profit on the flour sold through the stores, has been somewhat anomalous for a long time, the whole of the profit realized, with the exception of an allowance of 9*d.* per bag, having gone into the flour department. We have decided to alter this state of things, and for the future the flour supplied to the stores will be charged to the grocery de-

<sup>1</sup> *Christian Socialist*, vol. i. p. 123.

<sup>2</sup> *Co-operative News*, vol. x. p. 615.

<sup>3</sup> *Ibid.*, vol. xiii. p. 674.

partment at wholesale prices, and the profits accruing thereon will therefore appear to the credit of the stores account. Whatever profit is made on the manufacture of the flour will, of course, appear as a productive profit pure and simple.'

Under this new regulation the profit of the mill in the December balance sheet was shown to be £4,952; and the sales of flour were 33,260 bags. For the half-year ending June, 1889, the profit was £2,995, showing a considerable reduction; but the sales were 36,780 bags, which showed a large increase. For the half-year ending December 31, 1889, the sales were only 33,146 bags, while the profit was £4,080. In their report, the committee said,

'The flour question has engaged the special and serious attention of your directors during the half-year, and no effort will be spared to maintain the society's reputation for making a really good article.'

A letter in the January number, 1890, of the *Leeds Record* suggested that the cause of this falling off in the sales was 'poor flour,' but the report of the committee showed that they were fully alive to the necessity of keeping abreast of the times, and the results since then have exhibited a steady growth. The number of bags of flour sold was, in 1890, 73,185; in 1891, 80,199; and in 1892, 85,776. The profit from the mill in the half-year ending December 31, 1892, was £3,715<sup>1</sup>.

The progress of the Leeds Society has been almost uninterrupted. A loss of £200 or £300 by a flood in November, 1866<sup>2</sup>; and a fire on October 10, 1881, in their corn mill and warehouse, the loss through it being covered by insurance<sup>3</sup>, have been the only mishaps. After the fire, the local millers offered to supply the society; but the services of the Halifax Flour Society were utilized for this purpose. This action of the private millers was commented upon and compared with their action about thirty years earlier, when

<sup>1</sup> Society's Balance Sheet, December, 1892.

<sup>2</sup> *Co-operator*, vol. vii. p. 304.

<sup>3</sup> *Co-operative News*, vol. xii. p. 692.

they refused to supply flour at a time when the main shaft of the society's engine had broken down<sup>1</sup>. By September 30, 1882, the mill had been reconstructed by the society's building department, on fireproof principles, and refilled with machinery of the most improved types, including a system of rollers capable of turning out 1,500 sacks in a week of 54 hours. The number of employes in the mill in 1890 was 27. Before 1881, bonus was for a time given to the society's employes<sup>2</sup>, but the practice was discontinued, and the directors replied as follows to a circular of inquiry from the United Board :—

‘While fully sympathising with the principle of bonus to labour, we do not see under existing conditions, and considering the close connexion between our productive and distributive departments, that the employes in the one are more entitled to bonus to labour than in the other, and we are therefore unable to recommend the adoption of the principle by our society, but in all cases where the capital is wholly or partially subscribed by the workers we shall be willing to do all in our power to give effect to the principle<sup>3</sup>.’

The number of members in the society at the end of 1892 was 29,958, being an increase for the year of 804<sup>4</sup>.

It will have been noticed that the Leeds corn mill is exclusively used to supply the members of the Leeds Society, and is an adjunct to the distributive departments, although these latter were only begun about ten years after the starting of the mill. To the same class belonged the Shildon Mill, which was started in 1854, and dissolved in 1883; and the Netherdale Mill, which was started in 1855, and dissolved in 1872. The Netherdale Mill was very small. Its total sales, including its store, never exceeded £80 a week; and in six out of the last ten years of its existence it made no profits. Mr. Nuttall, when speaking of this Netherdale effort, said, ‘This is another of the very small societies which never ought to have undertaken such a business as corn milling<sup>5</sup>.’

<sup>1</sup> *Co-operative News*, vol. xiii. p. 674.

<sup>2</sup> *Ibid.*, vol. xii. p. 222.

<sup>3</sup> *Leeds Record*, January, 1890, p. 3.

<sup>4</sup> Society's Balance Sheet, December, 1892.

<sup>5</sup> *Wholesale Annual*, 1883, p. 152.

The Shildon Society was larger. In 1876 its sales in all departments amounted to £500 a week. It then had 803 members, and £6,600 of share capital. But in 1881 the members had declined to 740, the capital to £4,022, and neither in this nor in the previous year had there been any profits<sup>1</sup>.

A number of existing societies have, at different times, worked corn mills, but have ceased doing so. Among these are the Nottingham and Gateshead Societies. Mr. Thirlaway told me that the Gateshead Society bought its mill in 1872. The production for the society's forty-eighth quarter (1873) was £8,263. Of this £5,605 were distributed to the members, and £2,568 to other societies. The profit on this production was £365, but no rent or depreciation had been charged<sup>2</sup>. At a conference in April, 1876, it was reported that the Gateshead mill for the past quarter 'showed a loss of something like £15 . . . Their production was upwards of 200 sacks per week. They depended upon nobody but themselves, and they needed all they could make, so they got on very well<sup>3</sup>.' In this year the society sold the mill to the North-Eastern Railway Company for £1,382, being the amount at which it stood on the balance sheet, because, Mr. Thirlaway said, 'the railway company desired to buy it, and we were ready to sell it, for it did nothing particular for us.'

To the same class as Leeds also belong the existing mills at Aberdeen, Banbury, Barnsley, Carlisle, Cleator Moor, Leicester, Leigh, Lincoln, Mansfield, Sheerness, and Stockton-on-Tees. These are all worked in connexion with the distributive departments of the societies owning the mills, although some of them supply other societies. There is, however, this distinction to be made in the case of Sheerness, viz. its distributive department sells only what is produced by its farm, mill, and bakery. Information has been forthcoming concerning all these societies, except Aberdeen ;

<sup>1</sup> *Wholesale Annual*, 1883, p. 148.

<sup>2</sup> *Co-operative News*, vol. iii. p. 362.

<sup>3</sup> *Ibid.*, vol. vii. p. 223.

but I believe this society's mill is used for grinding oatmeal. It has an output of about £26,000 a year, out of which a profit is made of about £2,200 a year.

'Co-operators in the Banbury district as early as 1868 had a dream of becoming their own flour millers, and several attempts were made for a federation of societies for the purpose. But for want of a suitable mill near at hand, this ended as dreams always do, until 1875, when the Banbury Society took some land about  $2\frac{1}{2}$  miles from the town, on which were two mills driven by water-power. These they worked by themselves, until they found the farm a failure, and proved the mill a success; so when the lease expired in 1882, they built a new steam mill adjoining their central premises. Again, the idea of a federation was attempted to be put in practice. A conference of societies was called, rules laid down and agreed to, with the result that one society joined; though other societies did, and have up till now, continued to support it with their trade. But the Banbury Society was left with its risk and its responsibility. This it has borne, fighting with its competitors for the trade of the societies, which it honestly tried to bring into partnership. It adopted the principle . . . of dividing profits with the purchaser. But unfortunately the divisions were few and far apart, as during the first five years some heavy losses were sustained; but during the last two years its fortunes have been reversed, and fair profits have been made. . . . The 'Wholesale' became sole agents, and now the mill is supported by most of the best societies in the south and midland districts<sup>1</sup>.'

On December 14, 1889, the society had a festival to inaugurate an extension\* of their mill, and its refitting with a complete roller system. Previously to this they had worked partly with stones and partly with rollers. On this occasion the committee said to their members, 'If, in future, we do not get a good loaf, we must not blame the mill machinery, as all that can be desired is now obtained<sup>2</sup>.' Mr. Lamb, writing to me in 1890, said,

'We have now arranged to run night and day, and shall put out 400 sacks of flour weekly. We employ in the mill two men for nights and four for days, but it should be five for days. We

<sup>1</sup> *Banbury Record*, July, 1889.

<sup>2</sup> *Ibid.*, Mid-December, 1889.



have made about 8 % on the capital employed during the last eight years.'

The mill continues to prosper. For the quarter ending October, 1892, its production was £4,795, and the profit was £188<sup>1</sup>. No bonus is paid to employés.

The Barnsley Society was started in 1862, but it was only in 1880 that they began making flour. On December 6 in that year they inaugurated their mill, which had been erected 'on a plot of ground measuring 3,658 yards, having a frontage with siding on the Manchester, Sheffield, and Lincolnshire Railway, and bounded on the south by an excellent stream of water.' The grinding machinery consisted of 'twelve pairs of large in addition to other stones<sup>2</sup>.' At this time the society numbered over 6,000 members. The share capital was £60,000; and it had twenty-four branches extending over an area of sixteen miles. The weekly sales amounted to £3,400, and the profits for the year were £18,000<sup>3</sup>. The total cost of land, mill, and machinery was £28,000<sup>4</sup>. The progress of the society has been an uninterrupted success. On April 27, 1889, was celebrated its adoption of the most recent inventions and improvements in machinery. This was in the form of a 'six-breaks' roller system<sup>5</sup>. At the end of 1889 the number of members was 10,000, the sales £300,000 a year, and the profits £40,000 a year. But in 1884 the society 'sold 25,000 bags of flour,' while in 1888, with more members, it was 'only selling 19,000 bags.' This, said the report from which I have been quoting, 'proved the need for the improved machinery, by showing that someone had an advantage of the society; and they might depend upon it the sales would increase again when the new system was introduced.' The mill and fittings 'had been depreciated till their value in the books was now only £19,800, and when the new machinery—for which their critics could see

<sup>1</sup> Society's Balance Sheet.

<sup>2</sup> *Co-operative News*, vol. xi. p. 836.

<sup>3</sup> *Ibid.*, vol. xx. p. 80.

<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid.*, p. 384.

no necessity—was paid for, it would only raise that sum to £24,000. On the other hand, during the time the mill had been at work, it had made a profit of £31,400, over and above the retail profit made in their shops<sup>1</sup>. At the half-yearly meeting held in February, 1890, it was reported that the mill, with its new machinery had made a profit of £1,726 during the past six months<sup>2</sup>.

The society's balance sheet for the half-year ending December 31, 1891, showed the sales of the mill for that period to have been £72,091, and the profit on these sales was £5,873. The profit for the half-year ending June 30, 1892 was £2,433, making a total for the year of £8,233<sup>3</sup>.

The Carlisle (Southend) Society was started in June, 1861. In 1870 it had grown sufficiently large to commence grinding flour for itself. This was done at a small mill in Collier-lane. The enterprise attracted the attention of neighbouring societies, and at a conference held in Carlisle on October 26, 1871, it was resolved

‘That it be recommended that the mill in connexion with the Carlisle Co-operative Society be converted into a co-operative corn mill, to be supported by the co-operative societies of the north of England; and if the members of the Carlisle Society object, then the different societies to establish a mill of their own<sup>4</sup>.’

At the next conference, held in August, 1872, it was reported that ‘the Southend Co-operative Society refuse to admit the other societies to a share in their corn mill<sup>5</sup>.’ The prosperity of the society has apparently been uninterrupted. In February, 1887, they were able to celebrate an extension, which is described the following extract:—

‘The yearly increase in the amount of business done by the society brought with it an increased demand for flour, and it became evident, to use the words of the president, that the society must either “move on” or “move off.” Messrs. Carr’s

<sup>1</sup> *Co-operative News*, vol. xx. p. 80.

<sup>2</sup> *Ibid.*, vol. xxi. p. 150.

<sup>3</sup> *Ibid.*, vol. xxiii. p. 976.

<sup>4</sup> *Ibid.*, vol. i. p. 124.

<sup>5</sup> *Ibid.*, vol. ii. p. 425.

mill at Denton Hill, coming into the market a short time ago, was purchased by the society for £4,000, and has now been fitted with roller machinery . . . at a cost, with additions to buildings, of about £5,000 more. The mill contains fifteen sets of rollers, six being for breaking the grain, and the others for reducing it. . . . The society can now turn out per day about 80 bags, or 10 tons of flour, and 60 bags, or over 7 tons of feeding meals. . . . So great has been the demand for the produce of the new mill during the three or four weeks it has been in operation, that nearly the whole of these quantities are sold over the counter<sup>1</sup>.

The balance sheet for December quarter, 1889, showed the production of the mill to have been £10,070 for the quarter, and the profit on this production was £121. No bonus is paid to employés.

The Cleator Moor Society was started in 1858. It commenced milling in 1874. The mill was 'at some little distance from Cleator Moor,' and the 'situation was not convenient<sup>2</sup>.' Notwithstanding this, the society made profits varying from £35 to £75 a quarter<sup>3</sup>. In the course of seven or eight years the building became dilapidated, and as the society was unable to come to terms with the proprietor the members decided in 1882 to build a mill. The new mill was opened on November 14, 1882. It is 70 feet long by 45 feet broad, and five stories high. The machinery then put in were partly stones and partly rollers, and the motive power was supplied by a 150 horse-power engine. The total cost was £7,000, and the capacity of the machinery, working night and day, was about 600 sacks a week<sup>4</sup>. In 1887 the mill was refitted with 'a complete change of machinery, on the most improved and modern system<sup>5</sup>.' Mr. Teasdale, the secretary, has sent me a statement of the results of the working of the mill since the refitting. The weekly output of flour is 500 sacks. It

<sup>1</sup> *Co-operative News*, vol. xviii. p. 183.

<sup>2</sup> *Ibid.*, vol. xiii. p. 789.

<sup>3</sup> *Ibid.*, vol. viii. p. 387; and vol. ix. pp. 214, 584.

<sup>4</sup> *Ibid.*, vol. xiii. p. 789.

<sup>5</sup> *Ibid.*, vol. xviii. p. 326.

employs twelve men, including the carters and engine-man. The value of the mill sales for the quarter ending October, 1889, was £3,812 to merchants and societies, and £7,287 to the society's own distributive departments; making a total of £11,099. There was a loss on this trade of £481. In the previous quarter there was a loss of £108: and both these were attributed to 'the great fall in the wheat market' when the society's stocks 'were very heavy.' In the year 1887, the mill profits were £133; in 1888, they were £1,427; and, in the first half of 1889, they were £484. The cost value of the mill, machinery, and land, was, at that date, £11,532. The society does 'not pay bonus on employes' wages.' On July 2, 1892, the mill 'was completely destroyed by fire.' The society's loss was, however, fully covered by insurance. This fire unfortunately was the indirect cause of a fatal accident; a man named Dacre falling off a ladder and dying almost immediately<sup>1</sup>.

The Leicester Society's mill was originally the property of the Midland Federal Corn Mill Society. The first public step was taken at a conference held at Leicester, on January 9, 1875. At this conference, all the speakers urged the superiority of a federation over the plan of every society having a mill of its own. The pith of the matter was put by Mr. Hemmings, who said:

'It was pretty clear that every society was not in a position to erect a mill for themselves, and, if they could, he was not sure that it would be wise to do so. He, therefore, suggested that an organization be formed after the model of the Wholesale Society, the capital raised on a similar principle, with equitable representation and direction.'

A resolution was carried unanimously by the conference that 'it was desirable to establish a co-operative corn mill in the Midland counties,' and instructing the Midland Section to prepare a scheme to submit to a future meeting<sup>2</sup>. This meeting was held on February 27, 1875, when it was

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 757.

<sup>2</sup> *Ibid.*, vol. vi. p. 27.

decided to build a mill at Leicester, and eleven societies intimated their intention of becoming shareholders<sup>1</sup>.

On July 21, 1877, the mill began work. It was built in a good position—close to the railway at Leicester. There were ten pairs of stones, and the estimated output was about 1,200 sacks per week<sup>2</sup>. Eighteen societies were shareholders. An officer described the condition of the mill at starting, as follows :

‘A practical millwright, who always seemed to oppose us going into the concern, attended the last meeting, and went over the mill. He stated at our quarterly meeting last Monday that the mill was well built, the engines were good, and he never saw better machinery in his life ; in fact, he says it stands A1 in the Midlands. The mill and machinery cost £10,835<sup>3</sup>.’

In 1877, the society made a profit of £259 on £17,487 of sales. In 1878, the first complete year of working, the sales were £64,698 ; but there were no profits. In 1879 and 1880 the profits were £298 and £133 respectively ; and the sales in the latter year had increased to £75,348. Mr. Nuttall, writing in 1882, said,

‘This district is not very thickly studded with stores, and therefore it will require the most faithful support from the shareholders to enable the corn mill to satisfy its promoters<sup>4</sup>.’

From this time until the dissolution of the Midland Federal Society, the mill had a chequered existence. In 1881, a loss of £708 was sustained, and in 1882, there was a further loss of £1,475<sup>5</sup>. At the end of 1887, the losses of the society caused it to go into liquidation. The Leicester Co-operative Society bought the mill, the other societies interested losing all their share capital. On this failure, the Midland Section remarked in their annual report,

‘We think it ought to be placed on record, for the honour of the co-operative name, that the shareholding societies mag-

<sup>1</sup> *Co-operative News*, vol. vi. p. 140.

<sup>2</sup> *Ibid.*, vol. viii. p. 412.

<sup>3</sup> *Ibid.*, vol. ix. p. 324.

<sup>4</sup> *Wholesale Annual*, 1883, p. 164.

<sup>5</sup> *Ibid.*, 1884, p. 123.

unanimously agreed and authorized the liquidators, Messrs. J. T. W. Mitchell and Butcher, to pay all the trade creditors in full<sup>1</sup>,

in priority, as I understand, to the loan or trade claims of these societies.

The Leicester Society was wise in taking over the mill, as it was a good bargain, and the society will ultimately be able to retrieve its loss. In the balance sheet the land, mill, and machinery are taken as being worth £9,307. The mill sales for the fourth quarter of 1889 were, to the society's distributive departments, £3,865, and to other societies, £3,624, making a total of £7,489. The first quarter of 1890 showed sales of £7,052, and a net profit of £128<sup>2</sup>.

The Leigh Friendly Society was formed in 1858. The society prospered so well that in 1862 there were 954 members, with sales of £20,000 a year, and a profit of over £1,500 a year. The capital was £8,350, and was rapidly increasing, so it was determined to erect a corn mill<sup>3</sup>. The mill was completed in 1863, and produced a first-class article<sup>4</sup>. The cost was about £4,000. The sales of mill produce in 1872 were £33,000, and the net profit for the year was £254, three of the quarters showing a profit, and one showing a loss. In 1880 the sales were £20,824, and the net profit £1,339. For the year 1889, the sales were £31,888, with a loss of £265. The first three quarters of this year showed losses, and the last quarter a small profit. In 1891, the mill was fairly successful, paying dividends of 2*d.* and 3*d.* in the pound on the sales<sup>5</sup>. The mill property had been regularly depreciated up to 1881. In that year, owing to the discovery of a series of falsifications in the accounts of the society, which left a very large deficiency in the assets, the property was re-valued, and was increased on the balance sheet by £2,172, being an addition of about

<sup>1</sup> *Co-operative News*, vol. xix. p. 570.

<sup>2</sup> *Ibid.*, vol. xx. p. 1341; and vol. xxi. p. 334.

<sup>3</sup> *Co-operator*, vol. iii. pp. 76, 141.

<sup>4</sup> *Ibid.*, vol. iv. p. 88.

<sup>5</sup> *Co-operative News*, vol. xxii. pp. 119, 798, and 1135.

50 per cent. on the previous nominal value. In December, 1883, a small amount of new machinery was laid down, and in December, 1887, the modern system of rollers was introduced, the committee remarking in their report that the flour 'is giving great satisfaction.' This society also has a weaving shed, which will be noticed when this class of productive effort is considered.

The Lincoln Society was started in 1861, and it celebrated its silver wedding by building and working a flour mill. The opening took place on August 7, 1886, and the reporter remarked that

'to know that they were part owners, and that simply one year's profits of the society had purchased the lot, and that this place was simply a toy to what some co-operative societies possessed, was something too much for the minds of some of the village members to grasp. But one of these, evidently of older standing in co-operation, button-holed two or three of the greenest, and with great volubility explained to them their true position as members <sup>1</sup>.'

The balance sheet for the quarter ending October, 1889, said, 'The continued satisfactory results from the mill have induced us to decide upon putting in additional machinery. A total net profit of £2,860 has accrued to the society from the mill since its commencement.' The sales of the mill for the quarter were £1,995. Mr. Stephenson has sent me the following additional particulars. The weekly output of flour is 340 sacks. The number of employés is five men and three youths. They do not pay bonus on wages. The mill is on the roller system, and the plant cost £4,755.

The Mansfield Society was started in 1864. In 1872, it had 610 members, £,300 of capital, £9,064 of sales, and a profit of £387. In this year it was determined to start a small flour mill, and in April, 1872, it was reported that 'the members expect in a few weeks to be grinding their own flour upon the premises <sup>2</sup>.' The mill is still very small.

<sup>1</sup> *Co-operative News*, vol. xvii. p. 811.

<sup>2</sup> *Ibid.*, vol. ii. p. 219.

The wholesale sales for the quarter ending 1888 were £234, and for the quarter ending December, 1889, were only £112; but in this report the committee said, 'We hope to have our roller plant at work in a very short time, and so help to strengthen the position of the society.' The balance sheet does not show separately the value of the milling plant. Bonus is not paid to employés.

Mr. A. J. Jones has informed me that the sales to co-operative societies for the quarter ending June, 1890, were £1,518, and the supplies from the mill to the Mansfield Society's retail department were about another £1,000. The mill was running night and day at the latter end of 1890, and the demand exceeded the output.

As the history of the Sheerness Society's mill has been sketched in a previous chapter<sup>1</sup>, the only one of this class of mills which remains to be dealt with is the one at Stockton-on-Tees. This society was started in 1866. In 1874—when it numbered 1845 members, was possessed of £12,238 of capital, and did a yearly trade of £54,000—'a mill and coal depôt were purchased . . . at a cost of £1,800<sup>2</sup>. This small mill was worked with stones until October, 1886, at which date, Mr. Todd has informed me, the Society changed the old plant for a roller system. He also said that their weekly output of flour is 220 sacks a week. Four men are employed in the mill, and no bonus is paid to the employés. The balance sheet for the December quarter of 1889 showed the value of the mill and depôt at £3,715. The value of the production for the quarter was £4,520, and the profit was £125. Mr. Readman, the president of this society, addressing a members' social meeting on Easter Monday, 1891, said that

'their own flour mill had been the means of bringing the society to its present success. Since they had had their mill, they had not had near the number of complaints about the flour being bad as they had when they had to buy their flour from other places. That proved that co-operative production might

<sup>1</sup> See chap. xiii. p. 159.

<sup>2</sup> *Co-operative News*, vol. x. p. 535.



be carried on successfully. It could be carried on with similar success in connexion with shipbuilding and mining, and other trades. Co-operative farming too could be carried on with like success. In fact, they intended to carry that on by-and-by<sup>1</sup>.

It is noteworthy that there was a co-operative corn mill in Stockton in 1847, in which, a contemporary notice stated, 'any person may hold five shares, and upon each share three stones of flour or meal will be allowed<sup>2</sup>.'

The next class of mills is composed of those that have both individuals and societies as members, and supply flour to both. To this class belong the Halifax Flour Society, the Rochdale District Corn Mill, the Sowerby Bridge United District Flour Society, and the Oldham Star Corn Millers.

The Halifax Flour Society originated as follows :—

'In the summer of 1846, an agitation was commenced to form a flour society for the sole purpose of producing flour as perfectly as possible. About this time flour, in some cases, was 5s. per stone of 16 lbs., and was greatly adulterated, and in some cases it was so bad that the dough could not be kept in the oven until it was properly baked, and when baked it was not at all palatable to the people. This shows that the agitation was thoroughly warranted. The first meeting was held in the open air in Cadney's-croft, when it was unanimously decided to form a flour society, the shares to be £1 each, and the object to be to grind wheat and oats only. It was not a profit which was looked for, but pure unadulterated flour and meal. In different parts of the town, places were appointed for holding meetings weekly and enrolling members. Contributions of any amount over sixpence were taken<sup>3</sup>.'

'Some of the elders of the party, smarting under the remembrance of losses through the failure of a co-operative society which had existed in the town some years previously, did not favour the scheme<sup>4</sup>.

The promoters, however, having 'heard that some of their fellow working men had accomplished much for their own and others' good, by establishing the Union Corn

<sup>1</sup> *Co-operative News*, vol. xxii. p. 323.

<sup>2</sup> *Herald of Co-operation*, p. 86.

<sup>3</sup> *Co-operative News*, vol. viii. p. 257.

<sup>4</sup> *Ibid.*, vol. iv. p. 14.

Mill in the neighbourhood of Hull, sent a deputation to inquire as to their objects and methods. . . . The deputation reported favourably<sup>1</sup>.

In the early part of 1847 it was

‘decided to look out for a place in which to commence operations. They had offered to them an old mill which had been used as a spinning mill at Bailey Hall, with the favourable option of allowing a considerable portion of the purchase money to remain on loan. This was a fortunate arrangement, as many who had promised to pay up their subscriptions in time to meet the purchase were unable to do so. The cost of the mill, with engine and three or four cottages, was £2,353; and it was fitted up with eight pairs of stones and other requisite machinery for about £1,200 more.’

The amount of a share was raised to £1 10s., in order that the necessary funds should be provided.

‘A difficulty arose as to the best method of distributing the goods to the shareholders, as it was found that a large number would not be at the trouble of going to the mill to make their purchases. This difficulty was, however, met by several of the shareholders kindly offering to make their cottages a means of distribution, and many amusing instances could be related of men, after their daily labour, making themselves into flour dealers in the evening. Many of these agents began to add to their stock of flour, groceries, and provisions, and in the end established remunerative businesses, requiring them to leave their ordinary occupations and devote the whole of their time to the new undertaking<sup>2</sup>.’

In 1851, the society had 36 of these agents; the receipts for the first half of this year being £10,851, with a profit of £717. Eleven men were employed, and the society had a boat of its own which went to Wakefield market for grain. A loan, stated a correspondent at the time, ‘has been cleared off the mill instead of dividing profits, so that the society is now free from rent<sup>3</sup>.’

This prosperous position had not been attained without

<sup>1</sup> *Co-operative News*, vol. xii. p. 859.

<sup>2</sup> *Ibid.*, vol. iv. p. 14.

<sup>3</sup> *Christian Socialist*, vol. ii. p. 152.

a struggle. In July, 1848, the directors issued an address appealing to the members to pay up their subscriptions. In this address, they said—

‘The corn millers of Halifax have already begun to cry out, “Why don’t you raise the price of your flour? We are getting no profit.” But, friends, we are not going to raise the price; it pays expenses at present, and that is all we want, and with an extension of trade we can reduce it still lower. Support us, and the millers of Halifax shall never be able to advance their prices half a dozen times in a week until they get it to 5s. per stone. In some of the adjoining towns flour is 4d. a stone more than it is here, and depend upon it these monopolists long to see your society in difficulties, so that they may again be able to clear their hundreds of pounds per week. We are supplying you with pure, unadulterated flour; do your duty to us, and we will use every endeavour to work for the welfare of all<sup>1</sup>.’

‘At the half-yearly meeting held on August 7, 1854, a bonus was declared of two stones of flour per member. This was something quite unexpected, but it was a very agreeable disappointment. Soon after this, the 30s. shares were declared to be worth £3, and shortly afterwards were valued at £4. . . . Previous to 1863, the directors were restricted to sell flour at a profit of 1½d. per stone only. In February, 1856, it was proposed to pay 5% on capital, and to give a bonus to fully paid members in proportion to their purchases of flour and oatmeal; the bonus to be reckoned after the ratio of so much per stone<sup>2</sup>.’

‘Although many additions and improvements had been made in our old mill, it was at last found altogether unsuitable for the amount of business required to be done<sup>3</sup>;’ and ‘in August, 1861, the board recommended that steps be taken for the erection of a new mill. This was attended to, and Mearclough Mill was rented, at £785 4s. per annum, until the new mill was completed. The old mill was pulled down, and upon its site the present mill was erected<sup>4</sup>.’ ‘New engines and machinery of the most perfect descrip-

<sup>1</sup> *Co operative News*, vol. viii. p. 257.

<sup>3</sup> *Ibid.*, vol. iv. p. 14.

<sup>2</sup> *Ibid.*

<sup>4</sup> *Ibid.*, vol. viii. p. 257.

tion were procured.' There were sixteen pairs of millstones, and the cost of the alterations was about £10,000<sup>1</sup>.

'The new mill commenced grinding in May, 1863, and the public were now supplied, besides the society's own members. The rules were reconstructed, and the shares made into £1 shares, the £4 shares counting as four shares. The year 1863 is a remarkable year in the history of the society; for the Halifax Industrial Society made its first purchase about the month of June, and was the only co-operative society which supported us up to this date<sup>2</sup>.'

By 1873 the society had increased the number of millstones at work to twenty-eight pairs; and in this year it purchased additional property at Bailey Hall<sup>3</sup>. In this year also,

'when the trade of the stores was nearly two-thirds of the society's business, it was acknowledged as necessary to revise the rules, with a view to give these important customers a proportionate share in the management. This was done, the revised code giving to societies who were members one vote for every 100 of their members.'

This provision, it was said, virtually handed over the management to the society shareholders<sup>4</sup>. In 1880 a new mill and warehouse were completed, which doubled the productive power of the society. The cost was about £50,000, and it was considered to be 'one of the finest in Europe, requiring nothing but plenty of work to make it a complete success<sup>5</sup>.'

The sales of the society in the first year of its existence—1848—were £11,988. In 1855 they were £51,000. In 1859 they were £30,296 only; the difference being more than accounted for by the reduced prices of wheat and flour. In 1855, the wheat average for the United Kingdom was 74s. 8d. per quarter, while in 1859 it was only 43s. 9d. In 1867 the sales had grown to £148,350. But, again

<sup>1</sup> *Co-operative News*, vol. iv. p. 14.

<sup>2</sup> *Ibid.*, vol. viii. p. 257.

<sup>3</sup> *Ibid.*, vol. iv. p. 14.

<sup>4</sup> *Ibid.*, vol. xii. p. 859.

<sup>5</sup> *Ibid.*

owing to lower prices, the sales in 1869 were only £117,144. In 1877 the sales reached their highest money value, £240,769, the wheat average this year being 56s. 9d. per quarter<sup>1</sup>. Up to 1882, the business of the society had uniformly shown a profit; the most successful year in this respect being 1876, when the profit was £20,846<sup>2</sup>. But in 1882, a reverse was experienced, and £124 had to be taken from the reserve fund to make up the interest on capital for the half-year. At the members' meeting,

'the chairman, in reply to questions as to how the loss had come about, said the society's manager had, after the Leeds Society's mill was burnt down, made an agreement with that society to sell them flour at from 2s. to 3s. a pack less than they were supplying to other buyers, the Leeds Society to pay the carriage, and to have no share of profits. This arrangement was contrary to the instructions of the directors, and the manager had been censured for it.'

Some of the delegates 'contended that this did not account for the whole of the loss<sup>3</sup>.'

In 1884 the society had fully recovered, the committee being able to report that

'for the half-year ending December, 1883, the number of packs of flour sold was 89,820, of the value of £106,878, showing a gain of 26,149 packs and £25,500 over last half-year, and 36,157 packs and £38,478 over twelve months ago. Although the money value of the goods disposed of in the June half-year, 1877—the year when the society exhibited its largest sales—was £10,000 more than the half-year ending December, 1883; yet the flour sold at that time was less by 6,000 packs, and of other kinds of goods 6,300 packs, than now. Therefore, taking all things into consideration, this half-year shows the greatest quantity of business done during any similar period in the thirty-six years' history of the society. . . . The net profits amount to £5,305<sup>4</sup>.'

I am informed by Mr. Kendall that the society began to change from stones to rollers in 1884.

<sup>1</sup> Wholesale Societies' *Annual*, 1883, pp. 136, 515.

<sup>2</sup> *Co-operative News*, vol. xii. p. 859.

<sup>3</sup> *Ibid.*, vol. xiii. p. 109.

<sup>4</sup> *Ibid.*, vol. xv. p. 46.

‘At that time the mill had only been working for about three years from its completion, and had been fitted up with all the latest improvements then known in stone-milling machinery. This machinery had to be practically given away, and from £10,000 to £20,000 has had to be spent in roller machinery since.’

On August 26, 1886, that unwelcome guest, fire, paid the society a visit, and burnt down the central mill, with the exception of the engine house. The loss, which was estimated at £8,000, was covered by insurance<sup>1</sup>.

The half-yearly members’ meeting on February 11, 1888, was of an extraordinary and lively character. The directors reported sales for the half-year of 117,402 packs of all classes of goods, valued at £113,816, showing an increase of 17,343 packs, or £21,983 in value. The services of the cashier and head clerk had been dispensed with, owing to irregularities; and a special investigation of the accounts had been made by Mr. T. Brodrick, who, in his report, pointed out ‘errors in the June (1887) balance sheet, showing discrepancies to the debit of the society of £6,953.’ A report was also distributed to the members, signed ‘Hargreaves Jackson, the illegally suspended cashier and secretary,’ in which he proposed a ‘scheme for the re-distribution of the directorate.’ The directors asked for the expulsion of the late cashier from the membership of the society. Amid ‘long-continued laughter and cheers’ the cashier declared that he ‘had done a hundred times more for the society than all the directors put together.’ Ultimately, Mr. Jackson agreed to withdraw from the society, and his ‘withdrawal was unanimously accepted.’ In consequence of the losses, no dividend was declared for this half-year<sup>2</sup>.

At the next half-yearly meeting, on August 11, 1888, circulars were distributed, signed

“Hargreaves Jackson, a member,” setting forth reasons why, in conformity with his agreement to withdraw from membership

<sup>1</sup> *Co-operative News*, vol. xvii. p. 889.    <sup>2</sup> *Ibid.*, vol. xix. pp. 152, 3.

at the last half-yearly meeting, he claimed to be still a member. . . . Mr. Jackson attempted to speak, but owing to the uproar with which his remarks were greeted, he could not be heard. . . . The chairman was asked if it was the intention of the directors to allow Mr. Jackson to go scot free, and he replied that the board were inclined to be much more merciful towards Mr. Jackson, more particularly out of consideration for his wife and family, than that gentleman was towards the society and the directors. . . . It was moved and seconded with two dissentients, that Mr. Jackson be forcibly ejected from the meeting. The chairman (Mr. J. Barstow) was sending for a policeman, when Mr. Dixon Lumb appealed to Mr. Jackson to leave the meeting, as he ought never to have come in, and eventually he walked out<sup>1</sup>.

These unpleasant incidents culminated in Mr. Jackson being charged in December, 1888, with the embezzlement of £132<sup>2</sup>. After an adjournment, he 'was committed to the sessions for trial,' and ultimately received a sentence of imprisonment<sup>3</sup>.

The report submitted to the above-mentioned meeting in August, 1888, showed a withdrawal of trade of over £22,000 in the half-year, and a decrease of 261 members. The directors remarked that 'their anxiety was increased by the timidity of a number of shareholders, who were worked upon by the persistent circulation of damaging reports.' They recommended that no bonus should be paid on purchases, but that the profits should be carried forward, and that withdrawals of capital should be limited 'to 10 % on each shareholder's holding<sup>4</sup>.'

A short time saw the society through its difficulties. The report of the directors for the December half of 1888 showed sales of 89,462 packs, valued at £88,415; and the profit admitted of the payment of 1s. in the pound on all members' purchases. At the half-yearly meeting it was decided to raise the rate of interest on capital from 3 $\frac{3}{4}$  %, to which it had been reduced the previous half-year, to

<sup>1</sup> *Co-operative News*, vol. xix. p. 826.

<sup>2</sup> *Ibid.*, vol. xx. p. 7.

<sup>3</sup> *Ibid.*, p. 1335.

<sup>4</sup> *Ibid.*, vol. xix. p. 778.

$4\frac{1}{8}\%$ .<sup>1</sup> The report for the December half of 1889 showed further improvement. There was again a dividend of 1s. in the pound on purchases by members, while the sales had increased to 64,019 packs of flour, and to a total of 100,334 packs of all classes of goods, with a money value of £94,001. The directors remarked that the mills are 'capable of turning out fully 50% more goods, and this great increase could be effected with less than 10% increase of expenses.' The share capital, as per this balance sheet, was £78,462; the number of members was 1,677; and the number of societies purchasing from the mill was 87. The sales in 1890 amounted to £216,516, and the profit to £15,577. In 1891. the sales were £280,226, and the profit was £21,979. The average dividend paid on sales for 1891 was 1s. 4d. in the pound<sup>2</sup>. In answer to my inquiries, Mr. Kendall has told me that 'the total capacity of the mill is 4,000 packs per week. The employes number 59, and we do not pay bonus on employes' wages.' In 1892 the society succeeded in getting a railway siding run to the mill, which will greatly facilitate the economical working of the business<sup>3</sup>.

The Rochdale District Corn Mill was started in 1850.

'An account appeared in the local newspapers of 1849 of the success of the Leeds and Halifax Corn Mill Societies, which had effected a general reduction in the price of flour in those towns, thus serving the whole public, besides supplying to their own members pure flour cheaper than the public price, with added profits. These facts, circulated by the newspapers, led Mr. Smithies, Mr. Greenwood, and Mr. Charles Howarth to initiate the discussion of a corn mill movement in Rochdale, at the Equitable Pioneer's Meetings<sup>4</sup>.'

The original shares were £5 each. The Pioneers took up twenty shares, and when Holme Mill was hired, at a rental

<sup>1</sup> *Co-operative News*, vol. xx. p. 155.

<sup>2</sup> *Co-operative Congress Reports* 1891, p. 152, and 1892, p. 175.

<sup>3</sup> *Co-operative News*, vol. xxiii. p. 117.

<sup>4</sup> Holyoake, *History of the Rochdale Pioneers*, part i. p. 27.



of £150 a year, they took up another twenty. These shares were entered in the names of persons appointed by the Pioneers, 'the plan being to give one representative to every £5. Before the end of 1850, the Equitable Pioneers had thirty representatives—quite a detachment—to look after their £200.' The Brickfield Society, near Rochdale, also took up shares, and these two societies decided to sell none but their own mill's flour. Individual members supplied the rest of the capital. The profits were to be divided among the purchasers in proportion to the amount expended by them, after capital had been paid interest at the rate of 5 % per ann.<sup>1</sup>

'Never was there a more obstinate corn mill than that of Holme. The flour would not be good—the mill would not pay, and the profits would not come. The first report of the society was ashamed to show itself; the second, of June, 1851, showed a loss of £103; the third report, of September, showed a loss of £338 on the quarter's transactions. A total loss of £441 attracted an army of croakers. Mr. Darwin would have had no difficulty in tracing the descent of all of them in a town which had produced Toad-lane. But the croakers were not born round the mill. The Pioneers were said to be blundering. It was p'ain to everybody they did not understand corn milling. The manager had mismanaged. The society discharged him; and the directors and president (Mr. Abraham Greenwood) went to market themselves, taking a miller with them to judge the quality of the grain they bought, and they managed without a manager<sup>2</sup>.'

'By the end of 1851, fifteen co-operative stores traded with the corn mill. By the end of 1852 they had increased to fifty-two<sup>3</sup>.'

In this year they succeeded in making a profit of £336, on total sales of £7,036; and their capital had increased to £2,808<sup>4</sup>. From this date up to 1869 the mill had uninterrupted prosperity.

At the end of 1855, the whole of the cost of the machinery and fixtures in Holme Mill, amounting to £1,275, had been

<sup>1</sup> Holyoake, *History of the Rochdale Pioneers*, part ii. p. 37.

<sup>2</sup> *Ibid.*, p. 38.

<sup>3</sup> *Ibid.*, p. 40.

<sup>4</sup> *Co-operator*, vol. i. p. 31.

written off by depreciation, with the exception of £27. In 1856, a new mill was built and fitted up in Weir-street, at a cost of £6,827<sup>1</sup>. In 1864 there were 57 societies dealing with the mill. In 1865 the society erected a new warehouse adjoining the mill<sup>2</sup>. In 1867 they paid a dividend, for the last quarter of 1866, of 1s. 6d. in the pound<sup>3</sup>. In 1867, too, they reached high-water mark in the money value of their sales, the amount for the year being £386,867. The number of their members was then 909; the capital, £85,424; the profit, £14,882; and the value of their fixed stock, including land, £12,187<sup>4</sup>.

During the dark days of the Cotton Famine, the Corn Mill Society set a noble example by 'subscribing £10 per week to relieve the unemployed<sup>5</sup>.'

In 1868, 'the society entered into the malting business, with a plant of £10,800; and, from the fact that the profits declined from £15,000 in 1867 to nearly £5,000 in 1868, and no profits being realized in 1869 and 1870, the reader may be led to conclude that this business was to some extent responsible for the retrograde position of affairs. We think, however, that the main cause of the loss realized in that period was the fact of speculating in the purchase of large quantities of foreign grain, with advancing markets holding heavy stocks, so that when the markets fell serious losses were suffered; the result being that while the sales declined very rapidly the expenses continued to increase, which made matters worse<sup>6</sup>.'

The profits in 1868 were only £4,762. In 1869 there was a loss of £7,913. In 1870 the sales touched the low figure of £166,372, but a profit of £3,802 was made<sup>7</sup>. From this date up to 1885 the mill had another run of prosperity; but since then it has had alternations of prosperity and adversity, the latter preponderating; and the balance sheet for the quarter ending December, 1889, showed

<sup>1</sup> Holyoake, *History of the Rochdale Pioneers*, part ii. p. 40.

<sup>2</sup> *Co-operator*, vol. v. pp. 89, 183.

<sup>3</sup> *Ibid.*, vol. vii. p. 269.

<sup>4</sup> *Wholesale Societies' Annual*, 1883, p. 104.

<sup>5</sup> *Co-operator*, vol. iii. p. 126.

<sup>6</sup> *Wholesale Societies' Annual*, 1884, p. 106.

<sup>7</sup> *Ibid.*, 1883, p. 141.

an adverse balance of £8,449. Mr. B. Brierley has told me that in 1884 half the machinery was changed from stones to rollers, and in 1885 the second half was also changed.

The losses in 1885 were attributed by the directors to the rebuilding of the river wall, and to a fall in the price of wheat. The malting department appeared to have been doing well <sup>1</sup>. At the July meeting, in 1886, the committee stated that their losses were due in a great measure to their determination 'to use up a stock of wheat purchased some time ago, when prices were higher than at present; and to the continued low price of offals.' The manager had been dispensed with. Complaints had been received of the quality of the flour, but 'since their new manager began work they had not had a single complaint with regard to what had gone out <sup>2</sup>.' The first quarter of 1887 showed a loss on the mill of £1,012, while the malting showed a profit of £562. The committee explained 'that only one half of the mill had been at work during the quarter, in consequence of extensive alterations and rearrangements of the machinery; while the expenses had been heavy.' Mr. Watson 'called attention to the heavy stocks of grain and barley held now, as compared with six years ago, while the business was considerably less. He believed that if the stocks were reduced the committee might save £1,000 a year in working the concern <sup>3</sup>.' For the June quarter,

'The committee regretted to have to record a loss of £2,196, but stated that, after allowing the extra expenses, the actual loss for the quarter amounted to £714, a result not unexpected, and an inevitable outcome of the extraordinary conditions under which the quarter's work had been carried on, and the depressed condition of the milling trade generally <sup>4</sup>.'

The September quarter also showed a loss, this time of £1,351. The malting, on the other hand, continued to show profits. The committee, speaking of the loss, said,

<sup>1</sup> *Co-operative News*, vol. xvi. p. 947.

<sup>2</sup> *Ibid.*, vol. xviii. p. 369.

<sup>3</sup> *Ibid.*, vol. xvii. p. 711.

<sup>4</sup> *Ibid.*, p. 715.

‘There are various causes that have contributed to this result, amongst which we may mention the continued falling in the price of flour, and the high rate (per quarter of wheat) of working expenses, caused by only the No. 1 side of the mill having been running during the quarter. Arrangements have been made to put the No. 2 side of the mill in a thoroughly satisfactory condition, and when finished we shall be able to double the present production, at a very little extra cost<sup>1</sup>.’

The December quarter showed a profit, but ‘they had on hand at present £10,000 worth of extra biscuit flour, which they could not induce societies to buy, because the highest qualities of flour were so cheap.’ For the March quarter of 1888 there was a small loss in the mill of £62, while the malting showed a profit of £209. The June quarter showed a loss in the mill of £825, and in the malting of £198; and the September quarter also showed losses in both departments. In spite of this there had been ‘a steady growth of trade, the increase being 2,000 sacks over the previous quarter, and upwards of 9,000 sacks over the corresponding quarter of last year<sup>2</sup>.’ The last quarter of the year 1888 favoured the mill with a profit of £1,337, ‘after paying £1,384 for interest on capital, depreciation, &c.’ The year 1889 was begun with a loss of £937 for the March quarter, which ‘was attributed to the fall in price of flour and offals.’ This was followed by a further loss, in June, of £1,283, the committee reporting that ‘in consequence of the recurrence of these adverse balances we have dispensed with the services of our late manager,’ and they ‘deemed it absolutely necessary in the interest of the whole of the shareholders to pass a resolution suspending withdrawals of share capital for the present, as per rule 10.’

The following extract from a letter by Mr. Noah Briggs gives a summary of the Rochdale mill’s misfortunes:—

‘Take a retrospective view of a recent short history of this mill, if only for the purpose of fixing signal-posts and marking

<sup>1</sup> *Co-operative News*, vol. xviii. p. 1025.

<sup>2</sup> *Ibid.*, vol. xix. pp. 56, 370, 730, 1070.

off rocks and quicksands. First : We find a large stock of grain warehoused at the station, which takes fire, and the burnt grain is found to be only partially insured, and thus some thousands of pounds are lost to the mill. Second : We move further, to find gross irregularities in buying of grain which must have resulted in large loss to the mill. This matter was dealt with promptly and summarily by the committee as soon as discovered. Third : No doubt, from an anxious desire to dispose of the produce of the corn mill, which produce the 77 distributive societies had the power to take but did not, the expense of employing other secondary selling power was incurred. This resulted in an indebtedness to the corn mill on the part of those employed of some £1,300, which ultimately went to swell the loss, while the moral was wiped out in gaol. For the want of the trade which can be supplied by these 77 societies, another similar transaction of some £1,000 is to be added to the adverse result, while a warrant is in quest of the delinquent. . . . Sixth : "Corn milling" is entirely apart from the unfortunate remittances for grain in other people's possession—the reputed grain turning out to be a myth—a serious loss is thus further added to the adverse result, still enhanced by purchases of unsuitable grain, thus unsettling order and stability at its foundation. These facts ought to constitute a map for guidance. They stand entirely apart from the process of grinding pure grain into good flour<sup>1</sup>.

In January, 1889, the committee issued a statement of the results of thirty-seven years' working from the commencement of the society. The total sales in this time were £6,674,999; the profits, £172,944; the losses, £13,075; and the interest on capital, in addition to the item of profits, £106,851. Thus, deducting losses, the mill had made from the commencement up to January, 1889, a net profit on the capital of fully  $12\frac{1}{2}\%$  per ann.

At the end of the year the prospects were a little brighter. Another society's misfortune came to help them. The Star Corn Mill at Oldham was burnt down. This resulted in some trade coming to the Rochdale mill; but in addition to that, the society was regaining the confidence of its members. The profit, after providing for depreciation, was £931. Eighty-one societies held £52,000 of capital, and 568 in-

<sup>1</sup> *Co-operative News*, vol. xx. pp. 56, 399, 775, 1135, 1176.

dividuals held £24,000. The balance sheet showed that eleven-twelfths of the trade was done with societies. The production for the week ending January 11, 1890, had 'beat the record,' over 3,200 sacks of flour having been produced. The March quarter, 1890, improved still further. The trade was £59,030, and the profit, after allowing for depreciation, was £1,328. The mill was 'working to its full capacity, day and night, and the article is also giving every satisfaction <sup>1</sup>.'

The sales for 1891 amounted to £315,596, and the profit was £9,022 <sup>2</sup>. After the lapse of two-and-a-half years, this year saw the resumption of payment of interest on capital and of dividend on purchases <sup>3</sup>. The sales for the last quarter of 1892 were £55,679 only; the committee stating that the falling off 'was owing to an absence of demand for the lower qualities,' which they attributed 'to the very low prices for which the higher grades can be got.' The profit from the mill for the quarter was £345; and from the malting department for the year £107 <sup>4</sup>.

Mr. Brierley has informed me that the society employs 68 men. The capacity of the mill is 3,000 sacks per week, and they 'do not pay bonus on employes' wages.' The society was registered with limited liability in 1862, under the Industrial Societies Act. The shares are, and have been for a long period, of the value of £1 each, but each individual shareholder has 'to hold at least five shares; and societies must hold at least one share for every twenty of their members. Societies have one vote for each 200 shares, or fraction thereof, held by them. The members of the committee appear to be all representatives of societies.

Mr. E. Whiteley was at considerable trouble in 1890 to send me a summary of the history of the Sowerby Bridge Flour Society, and I give it almost exactly as he has sent it.

<sup>1</sup> *Co-operative News*, vol. xxi. pp. 64, 353, and 209.

<sup>2</sup> *Co-operative Congress Report*, 1892, p. 174.

<sup>3</sup> *Co-operative News*, vol. xxiii. p. 69.

<sup>4</sup> *Ibid.*, vol. xxiv. p. 23.

‘The adage that “nothing succeeds like success,” is one that can be aptly applied to the Sowerby Bridge United District Flour Society. When the society was started, in 1854, its early downfall was predicted by those who did not wish well of it. That prediction has not been verified; on the contrary, it has become one of the largest and most prosperous flour societies in the country, with mills and premises second to none. The gross profits in 1856 were £1,701. Last year they were £36,628. . . . As already stated, it was established in 1854, at the time of the Crimean war. In those days people were compelled to pay a good price for flour, but they were dissatisfied with the quality. Complaints were made that it was adulterated, and to remedy that evil it was suggested that a society be formed for running a mill, from which pure and unadulterated flour could be obtained. A meeting was held at the Old Bull’s Head, Sowerby Bridge, and the project was heartily taken up. Those who took an active part in advocating the promotion of the society were Mr. Thos. Sutcliffe, Mr. Thos. Baxendale, Mr. Robt. Lees, Mr. Jas. Wood, Mr. Saml. Moores, and Mr. Thos. Barron. With the exception of the two latter, all have passed away. Meetings were also held at Elland, Norland, Ripponden, Mill Bank, Stainland, Wadsworth, Mytholmroyd, and Hebden Bridge, with most gratifying results. It was decided to form a society, and the shares were fixed at £1 each. They were taken up rapidly, and soon the necessary capital was raised. A directorate was formed, . . . and the post of secretary was offered to and accepted by Mr. Thos. Barron, who, though in his eighty-fourth year, still retains his office. With the exception of one year, Mr. Barron has discharged the duties of secretary the whole of the time the society has been in existence. . . . Mearclough Mill was . . . taken on a lease for fourteen years. . . . In the month of April, 1855, the ten pairs of grinding stones which had been put in the mill began to work. . . . Agents were appointed to sell the flour retail to their customers in the neighbouring districts. . . . The first supply of flour was sent out on May 1, the horses being lavishly decorated, and the drivers smart and trim. Success attended the efforts of the society, and at the end of the year, the promoters felt justified in having established the mill. The amount of cash received for goods during the seven months ending December, 1855, was £18,953; the share capital stood at £3,416, and the gross profits were £811. . . . The concern prospered so rapidly, that the shareholders made up their minds to cease paying rent, and erect a mill of their own.

A piece of land was purchased, and a mill six stories high was built, and completed in 1862.'

'In this year—1862—the society took in co-operative societies as members, began to do business with them, and ceased to employ agents. This step was regarded as one of great importance at the time, and not a few of the shareholders felt that a great mistake was being made. The directors were accused of wishing to ruin the concern; but that did not deter them from taking a step which they foresaw would tend to greatly develop the business of the society. . . . In 1863 the directors were able to report that the change which they had made had resulted in extending the sphere of the society's usefulness, and in confounding and silencing the croakers. . . . Many industrial societies had allied themselves to the society, and become its largest customers. During this year arrangements were made with the Lancashire and Yorkshire Railway Company to erect a bridge and make a turn-table and siding, in order that the grain which came by rail might be conveyed direct from the railway to the mill. This proved a great boon . . . as 10 tons of grain could now be placed in the top story of the mill in one hour after its arrival at the railway station.'

'The society continued to make rapid progress, each year showing an increase in the flour sales and the gross profits. Difficulty was experienced in meeting the demands of the customers in 1866, but improvements were effected in the machinery, which enabled the stones to grind nearly double the usual quantity in the same time, besides delivering the meal in a much superior state for dressing than upon the old plan. The business . . . kept on increasing, until at length eight additional pairs of stones were put in the mill, bringing the total number up to twenty-six. Since 1870 several changes have been made, the most important being the purchasing of Breck Mill, Hebden Bridge, and the building of two large warehouses. One of these warehouses was built in 1872, and the other has been recently erected. . . . The Hebden Bridge Mill was bought in 1874, because it was offered cheap, and it enabled us to serve our members in that district. . . . The roller system was adopted in 1885, and completed in 1887. £10,000 was taken from the reserve to defray most of the cost. . . . Notwithstanding this, the reserve fund now stands at £8,800. . . . The number of societies dealing with the mill in 1889 was 117. The number of employes is also 117. The mills are producing 5,600 packs per week.'



No bonus is paid to employés. An individual shareholder cannot have more than £40 invested. Societies are allowed one vote for every 200 members. The balance sheet has a tabular statement of the progress of the society from the commencement. It shows steady growth and uninterrupted prosperity. No losses are apparent. Good profits have been made every year. During the last ten years, Mr. Whiteley said, they have 'added to fixed stock £36,359, and written off by depreciation £31,393. The present value on the balance sheet is £42,946.' 1882 showed the highest money value of sales with £592,247; but the sales in 1889, viz. £430,702, represented a greater production of flour by 8,816 packs. The sales from 1855 to the end of 1889 amounted to £9,147,692, and the profits for the same period were £615,808. The number of members in 1889 was 3,876, and the profits for this year alone were £36,628 on a capital of £114,739, or equal to 32 % per ann.; and the dividend on purchases was 1s. 4d. in the pound. The society has continued to be uninterruptedly successful. The profits in 1890 allowed the payment of an average dividend of 1s. 5d. in the pound on purchases. In 1891 the dividend was 1s. 8d. in the pound; the total profits being £49,660, and the sales for the year being £525,734. The share capital at the end of 1891 stood at £112,728, and the reserve fund was £12,300. The value of land, buildings, and plant had been written down to £40,341<sup>1</sup>.

The Oldham Star Corn Millers' Society was started in 1868. Mr. Wm. Nuttall, who had personal knowledge, has given the following account of the origin of the society:—

'Its immediate formation was caused by the absence of dividends—in fact, by the making of losses—by the Rochdale Corn Mill Society, which had been very fairly supported by the Oldham Equitable Society for a great many years, though only very slightly by the Oldham Industrial. The Industrial had, however, recently been doing a very good trade with Rochdale,

<sup>1</sup> Co-operative Congress Reports, 1891, p. 153, and 1892, p. 174.

and it was disappointing to find their increasing business receive no reward in the shape of dividend. There had also been a very strong feeling entertained that the cost of carriage from Rochdale to Oldham was an absolute loss, and that the quality of the goods supplied did not suit Oldham taste. A prejudice was created in the customers' minds against Rochdale flour, and it was not discouraged by the society's servants; yet when Rochdale flour was sold without its name, the customers approved it. However, prejudice, loss of dividend, and probably real loss by carriage, all combined to create a sufficiently strong feeling in favour of "one of our own." . . . Unfortunately for Rochdale, just at this time its own losses were heavy, and the step taken at Oldham did not improve them<sup>1</sup>.

'The promoters of the Star Corn Mill were chiefly members of the Oldham Industrial and Oldham Equitable Societies, and it was the first undertaking in which these two societies combined. The original committee consisted of an equal number for each society. . . . In 1876 the rules were revised, and the number of the committee fixed at nine, four of whom were selected from Oldham, and five from societies outside<sup>2</sup>.'

An estate of 26,386 square yards was taken on a perpetual lease, and a mill erected, and fitted with stones, &c., in 1869<sup>3</sup>.

'In 1870 it began business. Its producing power was equal, at first, to about 1,000 sacks per week, considerably more than the Oldham stores consumed, so that private traders, and the support of other societies, were sought and obtained. . . . The society was most prosperous, its sales growing from £121,361 in the first year, to . . . £221,618 in the fourth year. . . . The figures may be taken as indicating increased production, or nearly so, for the sales were not much affected by change of prices . . . The producing power of the mill was overtaxed in 1874 and 1875, working day and night, which probably injured the flour; and in the latter year the mill was enlarged, being supplied with new machinery, on a more modern principle, capable of turning out 2,000 sacks of flour per week<sup>3</sup>.'

The highest money value of sales was touched in 1874,

<sup>1</sup> Wholesale Society's *Annual*, 1883, pp. 159, 160.

<sup>2</sup> Oldham Congress Guide, p. 90

<sup>3</sup> Wholesale Society's *Annual*, 1883, p. 160.

when they amounted to £221,618, with a net profit of £5,837. With the exception of a slight loss of £45 in 1871, profits were made uninterruptedly on each year's transactions until 1880, when a loss of £2,271 was made<sup>1</sup>. At the members' meeting on January 24, 1880,

'It was explained that when wheat was at its lowest price, large orders to the extent of 19,000 bags of flour potred in, and although large purchases of wheat had been made, the difference had not been covered. Hence the loss. It was further stated that it would take, perhaps, twelve months to square the matter, but the committee would take care that no such mistakes were made on the part of the manager and salesman again<sup>2</sup>.'

In the year 1883 half the mill was fitted with a roller plant, while

'still working the other half on the stone-grinding system. The experiment was so satisfactory, and the flour produced so much admired, that the members, at a quarterly meeting, invested the committee with full power to take out the whole of the stone plant and put in a complete roller-mill plant . . . The expense of the rearrangement . . . has been over £10,000<sup>3</sup>.'

From 1881 to 1886 the mill had another run of prosperity. After this, it again showed losses, which were continued over 1887. At the June meeting in 1886, the losses were attributed to the large supplies of Indian corn having reduced the price of offals. This caused a loss of £600<sup>4</sup>. In 1887 the losses were attributed 'to the depressed state of the milling trade,' at one meeting; and to 'keen competition and fall in prices' at another. However, in July, a change of managers was announced, and their first appointed manager, Mr. John Hurt, was reappointed to the post. The September quarter also showed a loss, which the committee regretted, adding, 'the fall in price, and having a large stock of flour unsold last quarter, is our explanation<sup>5</sup>.'

<sup>1</sup> Wholesale Society's *Annual*, 1884, p. 108.

<sup>2</sup> *Co-operative News*, vol. xi. p. 75.

<sup>3</sup> Congress Guide, 1885, pp. 90, 91.

<sup>4</sup> *Co-operative News*, vol. xvii. p. 774.

<sup>5</sup> *Ibid.*, vol. xviii. pp. 413, 799, and 1080.

In 1888 the mill made profits, and the statistical position at the end of the year was as follows: Number of members, 215; capital, £61,848; value of land, buildings, and fixtures, £21,767; sales for the year, £187,651; and net profits for the year, £2,928<sup>1</sup>. About eight-ninths of the trade was with co-operative societies<sup>2</sup>. Mr. Spencer has informed me that the mill employed about sixty men; they did 'not pay bonus on employes' wages;' and the weekly output was 2,500 sacks.

The adverse balance that had accumulated during 1886-7 was reduced by March, 1889, to £188; but in June a heavy loss of £2,426 was exhibited, which

'the chairman (Mr. Jas. Lownds) explained was due to the stoppage of a portion of the plant for seven weeks of the quarter, and a fall in the price of wheat, flour, and offals. The committee anticipated that the markets would go up, and three months ago they had a fairly heavy stock, whereas they had gone against them<sup>3</sup>.'

The September quarter was on the right side: but on November 28 the society had the misfortune to have its mill completely destroyed by fire.

'The directors were at the time holding their usual meeting in the offices, and had just passed a resolution deciding to close the mill on Saturday for the funeral of the late manager, Mr. John Hurt (who died on Wednesday), when the information was brought to them of the outbreak of the fire. The mill flag was hoisted half-mast, and was at half-mast until it fell with the roof<sup>4</sup>.'

The society recovered £31,784 from the insurance companies, but suffered a loss of £3,445<sup>5</sup>, through 'having at the time of the fire more than an average stock of flour.' At a meeting held on March 8, 1890, it was almost unanimously decided to rebuild the mill. 'From its com-

<sup>1</sup> Congress Report, 1889, p. 125.

<sup>2</sup> *Co-operative News*, vol. xx. p. 135.

<sup>4</sup> *Ibid.*, pp. 1297 and 1302.

<sup>3</sup> *Ibid.*, p. 832.

<sup>5</sup> *Ibid.*, vol. xxi. p. 225.

mencement it had paid in profits £31,626, besides paying interest on capital.' It was estimated that the probable cost of the new mill would be £30,000, while they had £46,000 in the bank; and it was asserted that with 'new machinery they would be able to make flour 6*d*. a sack cheaper; and that would bring them plenty of customers<sup>1</sup>.'

The new mill was completed in 1891, and on 'October 21 the ceremony of starting the machinery was performed by Mr. Jas. Lownds, the chairman, in the presence of several hundred delegates from co-operative societies. Judging by a view published in a leading trade journal, the mill is both solid and good looking. The same journal gave a full description of the buildings and machinery; and praised highly all the arrangements for their economic efficiency. The plant was calculated to produce 26 sacks of flour every hour, and there was also a small plant for grinding maize, &c<sup>2</sup>

The dogged perseverance of the shareholders has been rewarded. The necessary competition to regain custom caused a loss of £191 in the December quarter of 1891; but the committee said the mill was 'making an excellent article,' and they were hopeful of the future. The first quarter of 1892 showed a small profit of £19 after providing for the payment of £829 interest on share capital. The society had 'delivered flour equal to 75 % of the total output.' The sales for the June quarter amounted to £51,649, and the net profit, after paying interest on capital, was £225. The amount of capital was £75,720. For the quarter ending September 24, 1892, the sales were £51,111, and the net profit was £413. All the profits have been carried to reduction of the previous adverse balance, which, in September, stood at £6,664<sup>3</sup>.

The remaining class is that in which the mill is owned by a society composed exclusively of other societies, who

<sup>1</sup> *Co-operative News*, vol. xxi. p. 251.

<sup>2</sup> Beerbohm's Corn Trade List, November 2, 1891.

<sup>3</sup> *Co-operative News*, vol. xxiii. pp. 109, 474, 803, and 1231.

are also the purchasers of the flour, &c. There are four of these, viz. the Derwent Mill, at Shotley Bridge; the Colne Vale Society's Mill, at Slaithwaite; the Wholesale Society's Mill, at Dunston-on-Tyne; and the Scottish Wholesale Society's Chancelot Mills, at Leith. Some reference to the Dunston and Chancelot Mills will be made hereafter, when the productive efforts of the Wholesale Societies are considered.

One existed at Crofton, Bedlington, Northumberland, for a few years, but it died in 1874. The twentieth, and as far as I can find, the last, quarterly report of this society stated that 'the capital is subscribed by eight co-operative societies, at the rate of £1 per member, and at present amounts to £3,674.' The report went on to say,

'During the five years the society has been in operation, the sales have amounted to £205,628; and the interest on capital to £679. Besides this, a depreciation of £393 has been allowed, £433 placed to a reserve fund, and £2,926 paid as dividend. . . . The average profit on the capital has been nearly 25 % per ann. . . . The sales during the three months ending May 10, 1873, have been £9,334, all of which were transacted with co-operative societies. . . . A great deal has been done to hinder the success of the society by those who should have been helpers. . . . The committee therefore congratulate the members, under these circumstances, in having successfully completed the term of the lease of the present mill; and they trust that a good spirit may animate everyone in the new undertaking.'

The editor remarked: 'What that is we are not told in the balance sheet, but presume it must be either the taking of a new mill, or the formation of another federation instead of the old one<sup>1</sup>.' This new undertaking was never matured, as the Registrar's return for 1874 notified that the society had been dissolved.

Mr. C. Smith has informed me that 'from about 1860 to 1880' the Huddersfield District Clothing and Provision Company Limited (in which co-operative societies were by

<sup>1</sup> *Co-operative News*, vol. iii. p. 337.

far the largest shareholders) carried on corn-milling at Longroyd Bridge in a mill of their own. Mr. Smith was for some years manager of the wholesale grocery department of this society. He added in his letter,

‘Like many others the society suffered from bad management and want of thorough support; but it did good co-operative work in its day. One of the best features of the end was that like one you named a week or two ago, when it was seen to be impossible to carry it on any longer, the various stores agreed to allow their loans to remain with the society, till all the ordinary trade creditors and private loan holders were paid out.’

The Derwent Flour Mill Society is a federation of retail societies, and is situated at Shotley Bridge, Durham. It was registered on November 27, 1872, and has had a quiet but very successful career. At the outset, there were seven societies who were shareholders. There are now nine, and they take the entire production of the mill. The rules provide that every shareholding society shall take up one £1 share for every one of their members. The committee is elected by the quarterly meeting; but one or more have to be elected from each shareholding society, in proportion to size, Blaydon enjoying no less than five seats on the committee. The society started with £4,050 of share capital, and £3,619 of loans. For the last quarter of 1889 their share capital amounted to £10,664, and their loans to £15,662. The sales have steadily increased from £45,531 in 1873 to £90,225 in 1889; and, in a similar manner, their profits, after providing for interest and depreciation, have steadily increased from £354 in 1873 to £2,389 in 1889. The total profits, from the starting of the society to the end of 1889 amounted to £34,043. The total cost of land, buildings, and fixtures at the same date was £18,777<sup>1</sup>. The profit in 1890 amounted to £3,720, including interest on capital at 5 % per ann. For 1891 the profit amounted to £2,688 on

<sup>1</sup> Sixty-seventh Balance Sheet, and Congress Report, 1890, p. 125.

sales for the year to the value of £118,753. This profit included £1,495 for interest on capital. The share capital at the end of 1891 stood at £12,990, and the loans stood at £18,491. The value of the plant and buildings had been written down to £9,470<sup>1</sup>. The secretary has informed me that the mill was remodelled on the roller system in 1884, and has a capacity of ten sacks an hour. The average output is 1,100 sacks per week. They do not pay bonus on wages. The society also rents a farm, which is profitably worked. Some details of it will be given later on.

On Saturday, July 30, 1887, a meeting was held at Slaithwaite, Yorkshire, 'to take into consideration the advisability or otherwise of forming the Britannia Corn Mill, which had recently been partially destroyed by fire, into a Co-operative Corn Milling Society.' There were sixteen societies represented at the meeting by fifty-three delegates. The Earl of Dartmouth owned the property, which included a 12 horse-power water-wheel; and he was willing to sell at 'a very reasonable price.' It was estimated that from £15,000 to £20,000 would be required 'in order to produce 45,000 to 55,000 packs of flour, and horse and cattle provender in proportion, annually<sup>2</sup>.' On October 3, 1887, the Slaithwaite Society agreed to invest £1,500 in the milling society<sup>3</sup>; and early in 1888 it was registered as the Colne Vale Corn Millers.

Mr. Thomas Wood, one of the auditors, has supplied me with a set of balance sheets. The first—up to June 30, 1888—showed that £3,753 had been expended on land and buildings, and £5,190 on machinery and other fixtures. The latter amount had been increased by the end of 1889 to £6,394. The report said 'the society took possession of the mills and premises on February 13, 1888, but did not commence the manufacture of flour till early in April.' The mill was only half employed, the sales amounting to

<sup>1</sup> Co-operative Congress Reports, 1891, p. 153, and 1892, p. 175.

<sup>2</sup> *Co-operative News*, vol. xviii. p. 786.

<sup>3</sup> *Ibid.*, p. 1023.



£9,072 ; but after providing for interest and depreciation, there was a net profit of £12. The second report said, 'the mill is capable of turning out 1,000 packs of flour per week, but we have only been able to sell 450 packs per week on the average.' The net profit was £166, and a bonus of 2*d.* in the pound was declared on members' purchases and the workpeople's wages. The third half-year showed a loss of £477, which was attributed to the constant fall in the price of flour and offals, excessive competition, an output of only 554 packs of flour per week, and the unsatisfactory working of the mill, which, at the date of the report, was being put right. The fourth report, dated December 31, 1889, showed a further loss of £132, which was explained by 'the continued scarcity of orders, the turnover still being only 550 packs per week.' The sales for 1889 were £44,128. The sales in 1890 were £51,945, on which a profit of £537 was realized. The Huddersfield District Conference Committee reported to the 1891 Congress that the 'mill has been much better supported during the year, and the quality of the flour has been kept up to a high standard of excellence, leaving nothing to be desired. The result of the year's working has been the wiping out of nearly the whole of the adverse balance.' The sales in 1891 were £58,126, and the profit was £2,851. This good result 'enabled the directors to pay four half-years' back interest on capital, in addition to the usual charges; and in the second half of the year a bonus of 1*s.* in the pound was paid to labour' on the amount paid for wages, 'together with an allowance of 1*s.* in the pound on members' purchases, and 6*d.* to non-members.' 23 societies were shareholders, the share capital being £6,646, and the loans £9,382. The value of the plant, &c., was taken at £8,061, the sum of £915 having been written off during the year<sup>1</sup>. The rules provide for the employés receiving the same

<sup>1</sup> Co-operative Congress Reports, 1891, pp. 153 and 168, and 1892, pp. 174 and 185.

bonus on wages as the shareholders receive on their purchases.

The total sales of all the co-operative corn mills, including Dunston Mill, was about £2,200,000 for the year 1891. I have been unable to obtain the exact figures.

## CHAPTER XV.

### THE WHOLESALE SOCIETIES.

EVERYONE who takes an interest in co-operation knows that the Wholesale Societies have no individual shareholders, but are composed exclusively of other co-operative societies, who supply the capital, and have voting power and representation at the delegates' meetings in proportion to the number of their members; and the character of their constitutions is so well known that space need not be occupied in describing it.

The *Co-operator* for December, 1863, contains the first prospectus of the North of England Co-operative Wholesale Industrial and Provident Society Limited. By two legal shortenings, the name is now contracted to the Co-operative Wholesale Society Limited, while popularly it is spoken of as 'The Wholesale.' This prospectus said, 'The object of the society is to bring the producer and the consumer of commodities nearer to each other, and thus secure for the working classes those profits that have hitherto enriched only the individual'.<sup>1</sup>

In pursuance of this object, the society first successfully attacked the problem of wholesale distribution, and is still engaged in perfecting the solution of the problem by extending its operations into every part of the world. It then turned its attention to the task of manufacturing some of the articles used by its members, which, it was considered,

<sup>1</sup> *Co-operator*, vol. iv. p. 105.

could be better produced by the federation than by each society singly. Its first effort was very humble, being the purchase of the Crumpsall biscuit works on January 13, 1873, about nine years after the starting of the society. This was followed by the starting of the Leicester boot factory on August 4, 1873, and of the Durham soap works on October 5, 1874. The next effort was the starting of the Heckmond-wike boot works on August 14, 1880; and after another six years' interval the Batley woollen mill was taken over on March 14, 1887. The London cocoa works was started on November 2, 1887; a ready-made clothing department was opened at Batley in 1888, while both at Newcastle and Manchester the making up of clothing had been previously carried on as adjuncts to the woollen cloth and drapery departments. Currying leather was started at Heckmond-wike on August 29, 1888<sup>1</sup>; and the building of a corn mill on the Tyne was completed early in 1891.

The *Co-operative News* of November 23, 1872, had some exultant notes on the quarterly meeting that decided to begin production. It said with prophetic accuracy,

'Few meetings have yet been held which seem to us likely to be regarded as more eventful to the co-operative movement than the Wholesale gathering of Saturday last. In more respects than one that meeting was a moral triumph. . . . At last a new step in co-operative progress is about to be taken by the commencement of manufacturing processes on behalf of the federated stores<sup>2</sup>.'

At this meeting the words 'North of England' were dropped out of the title of the Wholesale, and the share capital to be supplied by each member in future was doubled; it was reported that the sales for the year had for the first time exceeded one million pounds, and that the bank department had just commenced business; the directors were authorized to begin the manufacture of biscuits, sweets, and

<sup>1</sup> Wholesale Society's *Annual*, 1890, pp. 42, 43.

<sup>2</sup> *Co-operative News*, vol. ii. pp. 594, 595.

boots and shoes ; and 'after a slight discussion, the principle was heartily affirmed' that all workmen employed by the Wholesale should be admitted to participation in the profits.

At the meeting held on February 15, 1873, the directors reported that the Crumpsall biscuit works had been purchased for £3,350, and that they were in successful operation ; but with regard to a boot factory, they had not yet seen their 'way to take steps to secure requisite premises, owing to want of capital.' This caused Mr. Stott, of Oldham, to propose 'that all further proceedings in reference to boot and shoe manufacturing should be suspended until the societies had been appealed to ;' his reason for doing so being that 'delegates were not yet agreed upon the federative principle, which would of course be the basis of such productive concerns ;' and therefore, the establishment of these factories would be 'perilous undertakings.' Among those who opposed Mr. Stott's motion was Mr. E. O. Greening, who said that 'if the resolution were carried it would be like taking two steps backward for one forward. . . . The Central Board and other bodies had condemned individual action in co-operation, and had declared that federal action alone was the saving principle of productive co-operation.' The resolution was lost<sup>1</sup>.

The first system of bonus on wages to employés was adopted by the Wholesale at this meeting (February, 1873). The scheme was as follows : When the dividend on purchases was 2*d.* in the pound, a bonus on wages of 2 % was to be given, and an additional  $\frac{1}{2}$  % for each additional  $\frac{1}{2}$ *d.* of dividend up to 4*d.*, thus making the maximum bonus on this head 4 %. Further, when the sales for the year averaged £2 per head of the total membership of the shareholding societies, 1 % of a bonus was to be given on wages, and an additional  $\frac{1}{2}$  % for each additional 2*s.* 6*d.* of sales yearly per head of the total membership up to £2 10*s.*, making a maximum bonus on this head of 3 %. The total bonus on the

<sup>1</sup> *Co-operative News*, vol. iii. pp. 75, 76.

double scale that could be obtained by the workers was thus 7 %, or nearly 1s. 5d. in the pound<sup>1</sup>.

The Crumpsall biscuit works have been very successful. The first three quarters' working was profitable. The next two showed slight losses of £16 and £9 respectively, after paying £379 for interest on the capital employed, in addition to full depreciation. The cause of the loss was an extension of the works which doubled their productive capacity ; but, as the sales did not immediately increase to anything like this extent, the heavy depreciation necessitated by the rules caused a large addition to the expenses, which could only be met by the profits from increased sales<sup>2</sup>. With the exception of a slight loss of £12 in March, 1880, the works made regular profits from January, 1875, up to September, 1886, when losses alternated with profits up to September, 1888. These losses were incurred by preparing for increased trade, and by a liberal policy in charging repairs to revenue account, which in many firms would have been debited to fixed stock. The departments at Crumpsall have been steadily increased, and present now a miscellaneous collection of boiled and dry sweets, plain and fancy bread and biscuits, jams, marmalade, dry soaps, soft soap, blacklead, &c. The sales in the first year were £12,800, and in the year ending June, 1892, they were £68,967. The total expenditure on buildings and fixtures has been £33,901, but these have been depreciated, so that their nominal value in 1892 as an asset was taken as only £17,144. In addition to the sum of £11,521, interest on capital employed in the works, a net profit on the nineteen years' working has been secured of £19,233<sup>3</sup>. The number of employes in the Crumpsall works in September, 1892, was 300. During the jam season a considerable additional number are temporarily employed.

In 1892, it was decided to purchase 6 or 8 acres of land in the vicinity of Manchester, on which to erect a factory

<sup>1</sup> *Co-operative News*, vol. iii. p. 76.

<sup>2</sup> *Ibid.*, vol. vi. p. 14.

<sup>3</sup> Wholesale Society's *Annual*, 1893, pp. 6, 48, 75, and 94.

to be exclusively employed in jam manufacture, as the Crumpsall works site was crowded out<sup>1</sup>.

The Leicester boot and shoe works is the largest and most successful productive department that the Wholesale has, so far, established. To the quarterly meeting held on May 17, 1873, the committee recommended Leicester 'as the best place for commencing the manufacture of boots and shoes;' and to the meeting held on August 19, 1873, they reported that 'the premises known as West End Mill, Leicester, had been taken on rental,' and that Mr. John Butcher had been appointed manager. On November 15 of the same year it was reported that 'nearly 100 hands are in full employment<sup>2</sup>.'

At this meeting (November 15, 1873) began the long controversy on the best methods of co-operative production, that seems at last to have got into the condition in which everybody supports that form which he considers to be the best. Mr. E. O. Greening proposed, 'That a committee be appointed to consider the best mode of placing the relations between the Wholesale and its manufacturing establishments on a sound co-operative footing.' He urged that the Wholesale

'must make their workpeople complete partners, and therefore sharers in the profits which they created, and not give them a bonus out of some other profits when they had made a loss on their work; they must also have the right to invest their savings in the concern, and have votes in its management. . . . By registering each workshop as a separate society, putting in such clauses as would guarantee the property, they could admit them (the workpeople) as members of those separate societies, and give them a fair proportion of the profits which they created.'

Mr. Neale seconded the resolution. Mr. Nuttall thought that

'there was a complete fallacy in the arguments of Mr. Greening

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 694.

<sup>2</sup> *Ibid.*, vol. iii. pp. 263, 418, 575.

and Mr. Neale, namely, in supposing that when a man had £2 in the concern in which he was employed, that that would secure his goodwill. . . . The better policy was, let every worker be a member of a store, and let the store make what it sold. He was then his own producer, and would receive everything back in the form of dividend, and would be better off in the long run than if engaged as Mr. Greening proposed, which would lead to workmen's associations being established in every district.<sup>1</sup>

Dr. Rutherford supported the proposal, saying, 'they must interest a workman in his work, and they could not do that in a better way than by giving him the result of the extra care, skill, and energy he threw into his work'.<sup>1</sup> The matter was adjourned to the next meeting, when the committee accepted the motion, and the meeting left the matter in their hands<sup>2</sup>.

At the quarterly meeting held on December 19, 1874, the committee reported that a London deputation had submitted a plan for the conduct of the society's workshops, which they could not approve. This plan was published in the *Co-operative News*, vol. vi. p. 5, and was signed by E. V. Neale, W. Morrison, and E. O. Greening. It proposed the registration of each workshop as a separate society, the Wholesale to provide the capital, but the workpeople to ultimately hold half of it by means of the accumulation of their share of the profits. Half the profits were to be allotted to the workers. After the workers owned half the capital they could either withdraw their future shares of profits or, with the consent of the Wholesale, they could continue to increase their capital. The Wholesale would retain the general control and appoint the manager, and the workshop society would become a shareholder in the Wholesale. On the other hand, the committee recommended that the present system of bonus be confined to the distributive departments, and that as a tentative measure, a bonus jointly based on the value of the products

<sup>1</sup> *Co-operative News*, vol. iii. pp. 576, 577.    <sup>2</sup> *Ibid.*, vol. iv. p. 98.



sold, and of the net profits made, should be paid to the weekly wages workers; not more than half the net profits to be so paid away, and each workshop to be treated separately<sup>1</sup>. Both proposals were lost, and the matter was adjourned. In 1876, at the June meeting, the committee reported that they were 'unable to see their way to any more satisfactory system of paying bonus, and as it has not given that satisfaction and beneficial results that were expected, they recommend you to discontinue it.' Mr. Whiley proposed that bonus be discontinued. 'They had found it a miserable failure, so far as perceiving any effects in the management through it.' Mr. Hilton seconded. 'For thirty years he had been favourable to the bonus principle, and had supported every attempt to make the system successful. He was sorry to confirm the statement that in every case it had been a failure, and had never resulted in benefit to any society, nor had it been of much advantage to the recipient.' Mr. Baxter thought 'it was a right thing to do to give bonus, in order to encourage workers, and get them to feel that in proportion to the amount and quality of their work, they would receive benefit.' Mr. Howard objected to Mr. Baxter's remarks, and said, 'Until the bonus system came to the front as a right on the part of the worker to share in the ultimate results of his work, it would always be a failure. The worker had a right to it.' The motion to abolish bonus was carried by 150 votes against 78<sup>2</sup>.

On June 16, 1877, a motion to instruct the committee to consider the best method of giving bonus was brought forward and was lost<sup>3</sup>. On August 29, 1885, a deputation from the London Labour Association waited on the Wholesale committee, and asked them to consider the advisability of registering the Leicester works as a separate society, &c.<sup>4</sup> For about three years the committee had been working

<sup>1</sup> *Co-operative News*, vol. vi. p. 147.

<sup>3</sup> *Ibid.*, vol. viii. p. 327.

<sup>2</sup> *Ibid.*, p. 352.

<sup>4</sup> *Ibid.*, vol. xvi. p. 931.

a system of bonus in the Manchester drapery and furnishing department, based upon sales and profits. This had received the passive assent of the delegates, and it had been extended to the London drapery, boot, and furnishing departments. Full details of these, and also of the system of bonus practised by the Scottish Wholesale Society, were placed before the quarterly meetings of February, 1886, and the committee asked for instructions. At Newcastle Mr. Atkinson expressed 'a strong opinion against the system. He found that the payment of bonus prevented men from receiving the wages they would otherwise get.' The vote at Newcastle was five to one in favour of abolishing bonus. At London the vote was twelve to one in favour of continuing bonus. At Manchester the question was adjourned<sup>1</sup>, and at the succeeding quarterly meeting the motion 'that the question of bonus be not entertained,' was carried without discussion by a large majority<sup>2</sup>.

A complete revision of the rules of the Wholesale Society was made by a committee in 1889. Messrs. Neale and Greening, who were on this committee, presented a minority report to the delegates' special meetings held in January and February, 1890, recommending the adoption of rules requiring that each workshop should be registered as a separate society, that half the profits should be given to the workers, and making other provisions for the benefit of the workpeople similar to those contained in the suggestions made in 1874, but in some respects more favourable to those employed. The London and Newcastle meetings voted against these proposals, and at Manchester they were withdrawn<sup>3</sup>.

Out of the seventy-five quarters that the Leicester factory has been working up to June, 1892, sixteen have shown losses, varying from £8 up to £1,174. In six instances the losses were under £100, and in three instances the losses

<sup>1</sup> *Co-operative News*, vol. xvii. pp. 203, 223, 227 and 255.

<sup>2</sup> *Ibid.*, vol. xvii. p. 558.

<sup>3</sup> *Ibid.*, vol. xxi. pp. 31, 56, and 81.

have exceeded £1,000. The total amount of these losses is £5,923. This is after charging the works with depreciations as per rule, and interest on capital. This interest amounted to £4,916 for the periods in which the losses were made, so that, as the ordinary commercial world reckons losses, they only amounted to £1,007<sup>1</sup>. The causes of losses are given in the committee's reports as errors in stock-taking caused by the difficulty of taking the work in progress accurately, taking summer costings for the price of winter goods, insufficient charge for small special orders which had increased in volume, stagnation in trade following extension of premises, and the issue of a reduced price list<sup>2</sup>. On the other hand, buying leather in America and Germany helped in 1887 to swell the profits<sup>3</sup>.

The amount of profit made at the works for the period above-mentioned, after providing for interest and depreciation, and after deducting losses, is £55,654, and averages 6½*d.* in the pound on the value of the productions. This value is £2,104,523. The interest in the same period amounted to £24,058, and the depreciation to £17,287. The value of the land, buildings, and fixtures, after deducting the depreciation, was taken in the accounts on June 25, 1892, at £64,658<sup>4</sup>. The value of the productions sold in the September quarter of 1892 was £68,769, representing 307,969 pairs of boots and shoes<sup>5</sup>.

It has already been noted that shortly after starting, 100 hands were fully employed. In May, 1874, it was reported that, 'additional premises will soon be required.' On March 20, 1875, the works, and an additional piece of land, were reported to have been bought. Extensions were begun and finished by August, 1876, which doubled the size of the works. In December of this year, 420 hands

<sup>1</sup> *Wholesale Annual*, 1893, pp. 77-78.

<sup>2</sup> *Co-operative News*, vol. vi. pp. 147 and 656; vol. viii. p. 134; vol. ix. p. 178; vol. xi. p. 391; and vol. xii. p. 162.

<sup>3</sup> *Ibid.*, vol. xviii. p. 880.

<sup>4</sup> *Wholesale Annual*, 1893, pp. 49 and 79.

<sup>5</sup> *Wholesale Society's Balance Sheet*, Sept. 1892.

were employed. In 1878, Mr. Butcher resigned, and his assistant, Mr. Dadley, was appointed manager. In 1880, the committee said, 'every inch of room is now used at the works, and if trade revives, further extension will be necessary.' In 1881, the works were being extended, 'in consequence of their overcrowded state.' In 1882, the works were employed to their full capacity, and later on in the same year, although the making of the 'greater part of the stout boys' and men's numbers' had been transferred to Heckmondwike, the committee found it necessary also to raise the works two stories in height, and build to a corresponding height on the vacant land. The extensions were completed and opened on May 31, 1884; they more than doubled the size of the premises, and formed 'one of the most imposing' factories in Leicester. In 1885 Mr. Dadley died suddenly at Paris, while on the business of the society, and Mr. Butcher was re-appointed manager<sup>1</sup>. He was almost immediately engaged in 'preparing to meet an increased demand by securing the most modern English and American machinery, which is necessary to successfully meet the ever-growing competition.' In 1888, a branch factory was built at Enderby, but in March, 1889, the committee reported that, 'notwithstanding the relief afforded by our recent establishment of the Enderby factory, the works are employed to their utmost capacity.' In 1889, Mr. Butcher visited America to inspect all the newest inventions in shoe-making machinery. On his return, the committee recommended the purchase of 6 acres of land at Leicester to build new workshops in order to produce more efficiently, and to have all their employes on the premises, as over 400 of them, at that time, worked at home<sup>2</sup>. The meeting sanctioned the purchase, the works were at once commenced, and were completed in November, 1891.

<sup>1</sup> *Co-operative News*, vol. iv. p. 278; vol. vi. p. 147; vol. vii. pp. 439, 666; vol. ix. p. 178; vol. xi. p. 162; vol. xii. p. 601; vol. xiii. pp. 604, 820; vol. xiv. p. 284; vol. xvi. pp. 793 and 1073.

<sup>2</sup> *Ibid.*, vol. xvii. p. 202, and the Society's Balance Sheets.

They form a parallelogram 100 yards long by 70 yards wide. Thus one room contains about  $1\frac{1}{2}$  acres of floor space. There are a number of outbuildings in addition. The elevation is of a simple but effective character, and the pile of buildings makes the finest boot factory in the kingdom. The leading trade journal gave an enthusiastic description of the site, buildings and plant, on the occasion of the formal opening; and then, referring to the excellent arrangements made for the comfort and health of the workpeople, said, 'the one floor, the whole of the frontage to Knighton Fields Road, is utilized as mess-rooms, one large room each for males and females, with a good cooking room, furnished with ranges, &c., between them'.<sup>1</sup> A perfect system of mechanical ventilation has been adopted, for the purpose of keeping the atmosphere free from dust. On June 13, 1890, the total number of employés was 1,295; 153 of these were at Enderby, and 1,142 at Leicester. The number in September, 1892, was 2,249.

The sending of work to Enderby created some discontent at Leicester. This discontent culminated in a strike of about 200 men in 1886, which caused considerable discussion at the quarterly meetings. The men went in at the end of two weeks, and on the same terms as before. Charges of sweating were refuted by the publication of comparative lists, which showed that the 'Wholesale' works paid the highest scale in Leicester, and they were 'the only employers in Leicester who paid the same rate of wages in the country as in the town,' Enderby being treated by everybody but the Wholesale, as a country district.<sup>2</sup>

Another strike occurred on Monday, February 22, 1892, during which all the employés went out. In the previous week

'a dispute arose respecting alleged defective workmanship and other technical matters, and the men formulated a number

<sup>1</sup> *Boot and Shoe Trades Journal*, November 14, 1891.

<sup>2</sup> *Co-operative News*, vol. xvii. p. 1219; and vol. xviii. p. 231.

of charges against Mr. Lane' (a foreman who had at one time been 'Secretary of the Operatives Union'); 'their complaint generally being that he was tyrannical. In the absence, through illness, of the manager, Mr. Butcher, the assistant manager, Mr. Hubbard, met a deputation of the employés, and, we are informed, upheld Mr. Lane's decision. As the result of this, the whole of the finishers left work on Monday, the riveters following suit next day. On Tuesday morning, Mr. Woolley, the president, and Alderman Inskip, the general secretary of the National Union, attended at the works, with a view, if possible, to an amicable settlement. It is stated, however, that the men not only refused to listen to their officials, but plainly intimated that their intervention had not been sought. The officers advised them to return to work, and said they would receive no strike pay; but that advice was declined. . . . On Thursday morning matters were further complicated by the abstention from work of the girls, clickers, and pressmen, about 900 in number.' Early on Thursday morning, 'a meeting of operatives was held; and it was resolved, by a unanimous vote, not to go back so long as Mr. Lane is engaged in his present position<sup>1</sup>.'

On Saturday, February 27, a deputation from the committee of the Wholesale Society met a deputation from the men.

'The proceedings were very prolonged. Statements were made by representatives of the hands on strike, and Mr. Lane gave his reply to the charges. Eventually the following resolution was passed by the deputation from the committee:—"Having heard both sides of the question, and carefully and earnestly considered the case, we are of opinion that there was no justification for the strike, and leave the matter in the hands of the management. We extremely regret that the workpeople should have resorted to such extreme measures during the illness of the manager, Mr. Butcher<sup>2</sup>."

Several meetings of the men were held after this, and negotiations entered into with Mr. Butcher, which ultimately resulted in Mr. Butcher transferring Mr. Lane to another position, and the employés resuming work on March 7,

<sup>1</sup> *Leicester Daily Post*, February 26, 1892.

<sup>2</sup> *Ibid.*, February 29, 1892.

1892. Judging by the Leicester newspaper reports, there was no imputation made by the employes against the Wholesale Society, its committee, or the manager of the works. At one of the men's meetings the question was discussed whether the Wholesale would take legal action against the strikers, but the general opinion of the men was that such a step would never be taken by the Wholesale; one of the strike committee-men saying he 'did not think they need fear anything on that score, as he believed if they were in the wrong, the firm would not sue them, though they knew that the clickers were under a contract for a week's work<sup>1</sup>.' It is probable that the strike would never have occurred, if Mr. Butcher had not been away ill. The esteem in which he is held was shown by the authorities of the Leicester Technical Schools selecting him to give the inaugural address to the 'Honours Class' of the boot and shoe trades' section on September 15, 1892. Mr. Butcher, in this address, impressed 'upon the students the importance of making themselves masters of the machinery which was now being so extensively used in the manufacture of boots and shoes. If they did this, they need have no fear, either for themselves, or for the trade of the country, notwithstanding the keen competition of foreign manufacturers<sup>2</sup>.'

The Heckmondwike works were established at mid-summer, 1880, to meet a demand for 'men's strong boots and shoes, such as are required by our northern societies,' and for the making of which Yorkshire affords greater facilities than Leicester. Premises were taken at £80 a year, the locality being selected because 'workpeople would be plentiful.' A Mr. Sharp was appointed manager, who was said to be well known in Yorkshire as a manufacturer of the above class of goods, and to have successfully conducted a business for some years<sup>3</sup>.

<sup>1</sup> *Leicestershire Daily Post*, February 29, 1892.

<sup>2</sup> *Co-operative News*, vol. xxiii. p. 1097.

<sup>3</sup> *Ibid.*, vol. xi. pp. 391 and 507.

For the first seven quarters losses were incurred, which were attributed in the first place to 'the commencement of an undertaking where the expenses of preparation have to be incurred, and the production has to be organized;' the practice of the Wholesale Society being to clear off all formation expenses immediately, and never to carry them forward as an asset, as is usually done. Afterwards the losses were attributed to the orders being 'scarcely equal to half the capacity of the works.' In December, 1881, a change of management was made, Mr. Hemmings from the Leicester works being placed in charge. Three out of the next four quarters also showed losses, one very slight, and one rather heavy for so small a place, caused 'mainly owing to suspension of work during a strike.' This strike was due to the men objecting to work being given out, and they 'declared they would not be governed by the trade union authority, but constituted themselves' the judges. The men gave way<sup>1</sup>.

Six quarters of profits were then made successively, and after that twenty-four quarters of profits have been alternated with eight quarters of losses. These were caused by error in accounts, by hindrance to work during extensions, and a decrease of sales, caused by a lessened demand for heavy-nailed goods, which was causing the committee to turn their attention to the kinds which were in greater request<sup>2</sup>.

Up to the end of June, 1892, the sales from the Heckmondwike works amounted to £288,720, and for the twelve months ending at the same date they were £44,907. After deducting all losses, the total net profit amounted to £8,318, or equal to 6½*d.* on the pound of sales. This was after paying £5,241 interest on capital, and £3,993 for depreciation<sup>3</sup>. In the quarter ending September, 1892, 29,798 pairs of boots were produced of the value of £7,862.

<sup>1</sup> *Co-operative News*, vol. xii. pp. 421, 601, and 817.

<sup>2</sup> *Ibid.*, vol. xv. p. 1084; vol. xvii. p. 515; and vol. xviii. p. 591; and *Wholesale Annual*, 1893, p. 73.

<sup>3</sup> *Wholesale Annual*, 1893, p. 73.



The lease of the hired premises expiring in September, 1884, a freehold of 3,667 square yards of land, and the buildings on it known as Brunswick mill, were purchased for £2,500, and the boot works removed thereto. Extensions were begun in 1885 and completed in 1886. In 1887 another plot of 2,280 yards was purchased for £1,000<sup>1</sup>, and additional extensions have since been made; the total expenditure on land, buildings, and plant, up to June, 1892, having been £15,372. This sum had been reduced on the above-named date, by depreciation, to £11,067<sup>2</sup>.

In September, 1886, the committee reported that they had decided to commence currying a portion of the leather used in the two boot factories. The requisite buildings and machinery were provided at Heckmondwike, and currying was commenced in September, 1887. At the quarterly meetings held about this time, the legality of this step was questioned by Mr. E. O. Greening. He contended that currying was a distinct trade, and therefore required the assent of a special meeting. Special meetings were consequently held to approve of the currying and also of tanning if the committee deemed it necessary. Mr. Greening opposed both. He thought going into currying was an unwise thing, and he asserted that the demand 'for the productions of the Wholesale was growing less.' At the London meeting three and five respectively voted against currying and tanning. At Newcastle and Manchester the votes were unanimously in favour<sup>3</sup>. The tanning has not been entered into, as, at present, very large quantities are imported direct from America or elsewhere to better advantage. The currying business has proved successful. The amount of business done by the department from its commencement to June, 1892, was £17,405, on which a net profit of £823 was

<sup>1</sup> *Co-operative News*, vol. xv. p. 843; vol. xvi. p. 221; vol. xvii. p. 515; and vol. xix. p. 179.

<sup>2</sup> *Wholesale Annual*, 1893, p. 49.

<sup>3</sup> *Co-operative News*, vol. xvii. pp. 515 and 1171; and vol. xviii pp. 859, 879, 1210, and 1238.

made, besides paying £696 for interest on capital. These figures are included in the total figures already given for the Heckmondwike works. The number of employés in the Heckmondwike works in September, 1892, was 301<sup>1</sup>.

The Durham Soap Works, when first purchased, were 'capable of manufacturing 12 to 15 tons of soap weekly.' Being advertised for sale, and 'the Northern societies being favourable to the purchase,' the committee 'passed a resolution recommending them to purchase the same and hold them for' the Wholesale until the consent of the quarterly meeting could be obtained. This was done, and the delegates unanimously sanctioned the purchase for £3,000, at their meeting on September 19, 1874<sup>2</sup>.

The first quarter's working resulted in a loss, which, however, was followed by four quarters of satisfactory profits. This success caused an extension of the works to be made in June, 1876. Losses then alternated with profits for seven quarters, the former being attributed to a fall in the price of tallow, hindrance to business by the extensions, and to the illness of the manager. A series of heavy losses followed the completion of the extensions. They were said to arise from an insufficient demand for soap, from a reduction in the prices, from having added the business of candle making, which, however, after a time was given up, and from having to reboil badly-made soap<sup>3</sup>.

In September, 1879, the manager resigned, and a practical soap-maker was appointed. The losses caused much anxiety, and members of the Newcastle committee said 'the works were in the wrong place,' while the secretary of the branch 'believed everybody admitted it would have been better if they had had nothing to do with these works.' From this time an improvement set in. Profits and losses were made,

<sup>1</sup> *Wholesale Annual*, 1893, pp. 6 and 71.

<sup>2</sup> *Co-operative News*, vol. v. pp. 151 and 153.

<sup>3</sup> *Wholesale Annual*, 1890, p. 69; and *Co-operative News*, vol. vi. p. 341; vol. vii. pp. 149, 150, and 665; vol. viii. pp. 327, 494, and 667; vol. ix. pp. 173 and 402; and vol. x. p. 803.

the latter being set down to making machinery good out of revenue, to the reboiling of soap, and to a 'great advance in the price of raw material, without a proportionate one in the manufactured article.' In June, 1883, it was reported that the management had again been changed, and from that time to the present the works have had an almost unbroken record of profit. From June, 1884, to June, 1892, there has only been one quarter with a loss, which was caused 'by a sudden and very large reduction in the price of soap' in the March quarter of 1889<sup>1</sup>.

After deducting all the losses made by the works, allowing £5,058 for depreciation, and £5,591 for interest on capital, there has been a net profit made of £5,284 up to the end of June, 1892, on total sales of £292,353, or equal to 3*d.* in the pound. The sales for the quarter ending September, 1892, were £9,019, on which a net profit was made of £810. The total cost of the land, buildings, and fixtures in June, 1892, was £8,060; but this had been written down by depreciation to £1,353. The number of employes in September, 1892, was 16<sup>2</sup>.

The premises now used by the Batley Woollen Cloth Factory came into the hands of the Wholesale through the failure of the Batley Manufacturing Company, in 1883, a loan having been made on the security of the property. The Wholesale let them out on rental up to 1886, when it was determined to begin manufacturing woollen cloth for themselves. There were fifty-nine looms, and other machinery, and the committee reported, 'We have confidence that the mill can be worked successfully.' They had about £7,500 locked up in the mill, and they believed that it would 'take about £3,000 to have an experiment of their own in cloth making<sup>3</sup>.'

<sup>1</sup> *Co-operative News*, vol. x. p. 595; vol. xi. p. 596; vol. xiii. p. 152; vol. xii. p. 817; vol. xiii. p. 604; vol. xiv. p. 521; *Wholesale Annual*, 1893, p. 83.

<sup>2</sup> *Wholesale Annual*, 1893, pp. 6, 49, and 83, and the separate Balance Sheet of the society.

<sup>3</sup> *Co-operative News*, vol. xvii. pp. 1171 and 1214.

These works, up to June, 1890, had made a series of heavy losses. The principal causes were the difficulty of ascertaining the requirements of societies, and the difficulty of getting a sufficiently large demand to keep the factory going. Patterns became old-fashioned through not being sold in the season; and the cloth had afterwards to be sold at a sacrifice. The total losses up to June, 1890, after writing off £938 for depreciation, and paying £1,411 interest on capital, amounted to exactly £6,800. The manager was changed in September quarter, 1889, and since then better results have been obtained<sup>1</sup>. After several quarters of hard work, the factory made a profit of £277 in the quarter ending June, 1891; and it continued making profits in each quarter up to and including the quarter ending September, 1892. The total net profits made in these six quarters, after paying interest on capital, was £884. This still left a net loss from the commencement, after paying interest on capital, of £5,925. The number of employes in September, 1892, was 103.

At the December, 1887, meeting, the committee reported that they proposed extending the ready-mades department so as 'to work up the surplus produce of our woollen mill at Batley.' In the September, 1888, report, it is stated that this department had been transferred to Batley, and that a manager had been appointed. At a conference of buyers held in December, 1888, it was said that forty-one hands were at work, and they could produce 150 suits of clothing per week. Twenty sewing machines were at work, and twenty more were ready. This department has been troubled principally through the difficulty of obtaining suitable work-people: and this difficulty has proved so great, that it was decided in June, 1890, to extend the department by opening a factory at Leeds, where an abundance of the right kind of labour could be obtained. Including June, 1892, the department had been working for fifteen quarters. In the first five of these it made heavy losses; but since then, every

<sup>1</sup> Wholesale *Annual*, 1890, p. 70, and later Balance Sheets.

quarter, with one exception, has shown some profit. The result has been a net profit for the whole period of £73, in addition to £312 for interest on capital. The sales for the same period were £31,708. For the September quarter of 1892, the sales of clothing were £2,695, for the production of which wages to the amount of £1,568 had been paid. There was a net loss of £24, which was attributed to 'having taken additional premises at Leeds' which had not been fully occupied. The number of employes at this date was 170<sup>1</sup>.

The Wholesale Society has always tried to work in harmony with the Trades Unions. But this has not prevented occasional disagreements, which have generally occurred through misrepresentations or misunderstanding. The Leeds Ready-mades Factory has not quite escaped these misrepresentations; and in consequence of 'insinuations and charges of a more or less serious nature' being made against the factory from time to time, the committee invited the executive committee of the Leeds Wholesale Clothiers' Operatives' Union to visit the factory in Leeds and satisfy themselves. The men's committee did so, and wrote to the Co-operative Wholesale Society on March 31, 1892, thanking them for the manner in which they had been received, saying that nothing was withheld from them 'with reference to the prices paid, wages, books, hours and conditions of labour.' They added,

'We are pleased to state that after the careful examination of the books, &c., by our delegates, we think the wages, with one exception, viz. the cutting room, paid by you, are in advance of most of the Wholesale clothing houses in Leeds. We also thank you for the promises made to our delegates with reference to the cutters' wages, and also on the apprentice question.'

A correspondent of the *Factory Times*, who accompanied the Trades Union deputation, wrote, 'There are no charges for

<sup>1</sup> *Co-operative News*, vol. xix. pp. 179, 1179, and 1230; and *Wholesale Annual*, 1893, pp. 6 and 86.

silk, linen, steam, or for anything, nor are there any fines. Neither do they change hands often. All these things help to prove it a decent shop ;' and, he remarked, the manager, Mr. Uttley, said, ' If we don't pay the highest wages, find us the higher statement, and we will<sup>1</sup>.'

In September, 1886, the committee proposed to expend £2,000 on 'machinery, and commence making cocoa in a hired warehouse in Leman-street, London, the long lease of which was to be purchased. Strong objections were made to this by Mr. E. O. Greening, as he had been helping to promote a separate society for the same purpose, and he urged that 'there was not room for both bodies to carry on the manufacture.' The London meeting carried the committee's proposal by 55 against 31 ; at Newcastle the voting was 106 for and 5 against ; at Manchester the vote was of a similar character. This department is worked in conjunction with those of tea blending and packing, and coffee roasting, grinding, mixing, and packing, which are themselves to some extent manufacturing departments, but are so closely connected with the distributive as to be inseparable. The sales of the cocoa produced by the Wholesale in the year ending March, 1890, were £7,130. For the quarter ending September, 1892, they were £2,522<sup>2</sup>.

Financially the largest effort at production yet made by the Wholesale was the erection and equipment of the Dunston-on-Tyne Corn Mill, to which a passing reference was made in the chapter on Corn Milling. At the end of 1883, the quarterly meeting passed a resolution that 'it is desirable to commence a flour mill' in the Newcastle district ; and at the February, 1884, meeting, the branch committee reported favourably thereon. Some delegates objected, thinking that corn milling on the Tyne was a risky business. Others were in favour of a separate federation like the Derwent Mill Society. After an animated discussion, a reso-

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 330 and 705.

<sup>2</sup> *Ibid.*, vol. xvii. pp. 1171, 1187, 1192, and 1219 ; and Wholesale Society's Balance Sheet.

lution in favour of the Wholesale establishing a mill was carried by a majority of 2. The subject was again brought forward at the May, 1884, meeting, with the same result, and with the same majority of 2<sup>1</sup>. The matter was then left in abeyance until the end of 1885, when the committee recommended that they 'be authorized to establish a corn mill in the Newcastle district.' The question was adjourned, the general feeling at Newcastle being that if Derwent Flour Mill offered no opposition, the delegates would be unanimously in favour of the recommendation. At the next meeting, in the spring of 1886, the resolution was carried without discussion by 110 against 24. At London there was a majority in favour, while at Manchester the votes were equal, the feeling in favour of a separate federation similar to the mills in Lancashire and Yorkshire being very strong<sup>2</sup>.

A site containing 7,000 square yards was purchased at Dunston, with 'railway, river, and road accommodation,' for about £3,600, and the society determined to build the mill itself<sup>3</sup>. The work progressed very slowly for some time, but a projected ring of the flour millers in the early part of 1889, caused the northern co-operators to take alarm. They pushed on the work energetically, and took such a decided attitude that the attempt at forming a ring was abandoned<sup>4</sup>.

The *Newcastle Chronicle* for April 26, 1890, had a wood-cut of the mill, and two-and-a-half columns of descriptive matter. A jetty has been built with a frontage to the river of 400 feet, and a line of railway runs on it so as to afford the means of directly loading from, or unloading into, the vessels. There is also a branch pier. The depth of water at full tide is 40 feet. About 12,000 square yards of land have been reclaimed and added to the site by the building

<sup>1</sup> *Co-operative News*, vol. xv. pp. 195, 562.

<sup>2</sup> *Ibid.*, vol. xvi. pp. 1072 and 1090; vol. xvii. pp. 223, 227, 250-1.

<sup>3</sup> *Ibid.*, vol. xvii. p. 859.

<sup>4</sup> *Ibid.*, vol. xx. pp. 102 and 129.

of the jetty. A siding from the North-Eastern railway runs to the mill. The machinery will produce 40 sacks of flour every hour, and the mill is run continuously from Monday morning to Saturday night. The total expenditure on the site, buildings, and plant, up to June, 1892, was £103,708, of which £13,360 had already been written off by depreciation, leaving the nominal value at £90,348. The number of employes in September, 1892, was 140.

The mill was opened on April 18, 1891, with a demonstration in which about 500 delegates from co-operative societies took a part. At the outset some portion of the machinery, including one of the engines, did not work satisfactorily, and the question of responsibility had to be settled by arbitration. This resulted in the arbitrator awarding the payment of £1,000 by the contractors to the Wholesale Society in liquidation of the losses caused by the imperfect machinery. The six quarters' working, up to the end of September, 1892, have resulted in sales amounting to £436,676. On this, after paying interest on capital, a net loss has been made of £17,267. This was caused at the latter end of 1891, by large speculative purchases of wheat, and the rapid decline in prices almost directly afterwards. These heavy losses caused considerable criticism at the delegates' meetings; but the September quarter, 1892, showed a profit of £1,865, and the mill seemed to have then entered on a career of prosperity<sup>1</sup>.

The Wholesale has building departments at Manchester and London, as well as at Newcastle. Both new works and warehouses and all repairs are done by them. The Dunston Corn Mill, and the W heatsheaf Boot Works, Leicester, are among their achievements. In September, 1892, there were 171 men employed. This number increases or decreases considerably according to the jobs in hand. During 1892, the Wholesale extended the work of this department by

<sup>1</sup> *Co-operative News*, vol. xxii. p. 388; and vol. xxiii. p. 1007; Wholesale Society's *Annual*, 1893, pp. 6, 49, and 84, and Society's Balance Sheet.



undertaking the preparation of plans for co-operative societies' buildings, and superintending their erection.

The Scottish Co-operative Wholesale Society was established in 1868, after the model of the original one at Manchester. The two Societies' constitutions are very much alike, and their aims are identical.

The Scottish Wholesale began their productive departments with a shirt factory, the committee reporting to the quarterly meeting held on January 1, 1881, that they 'had secured suitable premises and commenced the making of shirts.' At the end of June they reported after nineteen weeks' working—'we consider the result satisfactory, which has encouraged us to take another step in the same direction, and that is to appoint an experienced cutter, and engage in the business of men and boys' ready-made clothing.' This tailoring department was reported to be in working order by the end of 1881. About the middle of 1883 losses in the tailoring department caused a change of management. By this change and 'the introduction of machinery better results were expected'.<sup>1</sup>

Both departments were carried on in Glasgow up to May, 1888, when they were removed to Shieldhall. At this date there were 100 machines and 165 employés at work in the tailoring, and 64 machines at work in the shirtmaking. At the members' meeting held in August, 1888, the departments were in so satisfactory a condition as to induce the chairman to say that 'they more than proved that the sweating system was unnecessary.' In November of the same year the two departments were incorporated, as they were of a kindred character, and could be worked well together<sup>2</sup>.

The statistics show that the shirt department has made slight losses in four quarters out of twenty-nine; and the tailoring has made losses nine times out of the same number of quarters. This was up to December 28, 1889. Stock is

<sup>1</sup> *Co-operative News*, vol. xii. pp. 22 and 444; vol. xiii. p. 12; and vol. xiv. pp. 880 and 883.

<sup>2</sup> *Ibid.*, vol. xix. pp. 542, 875 and 1203.

now only taken half-yearly in the productive departments, owing to the expense and difficulty attending the operation. The total amount of sales since the commencement, to the end of 1889, was £52,677, and the total profit, after writing off all losses and providing for depreciation and interest on capital, was £1,964, or 9*d.* in the pound. The sales in the year 1889 were £12,047, and the profit was £1,145<sup>1</sup>. The number of employes on March 28, 1890, was 303<sup>2</sup>.

In December, 1890, a 'slop factory' was commenced; and this was followed by a 'mantle factory' in the early part of 1891. The shirt factory, up to June, 1892, had continued to be successful; its production for the year ending on that date being £3,237, and the net profit £334. The tailoring factory had met with similar success; its production for the same period being £14,027, and the net profit £1,604. The slop factory made a loss of £46 in its first quarter's working; but it had only been opened for three weeks of the quarter. Since then it has been uniformly successful, its production for the year ending June, 1892, being £2,482, and its profits £108. On the other hand the mantle factory has been uniformly unsuccessful, the results of six quarters' working up to June, 1892, being a net loss of £246 on a total production of £3,523. The total number of employes in these factories on October 1, 1892, was 468<sup>3</sup>.

In reply to a question put to him at the delegates' meeting of the Scottish Wholesale Society held on May 28, 1892, Mr. Moxnell, the chairman, said:

'The tailors employed at Shieldhall have an upstanding wage of 7½*d.* per hour, average all over, are permanently employed, and paid for all holidays. Further, they have only forty-four working hours per week. If a tailor outside can make a farthing more per hour, which he can do now and again, ask him if he gets twelve months' employment in the year, paid for his holidays, and if he is sick gets four weeks' full-pay and four weeks'

<sup>1</sup> Wholesale *Annual*, 1890, pp. 122-3, and the later Balance Sheets.

<sup>2</sup> Congress Guide, 1890, p. 44.

<sup>3</sup> Wholesale *Annual*, 1893, pp. 142-7 and 158.

half-pay. The conditions of labour are such as are not equalled in Europe!'

On March 31, 1883, the committee reported the purchase of a site for a boot factory, and recommended the members to erect a building for the purpose of making boots and shoes. The society was then doing a trade of £33,800 a year in these goods, one-third of which was drawn from the Leicester works of the English Wholesale Society. It was pointed out that the Leicester works had up to that date paid 9½ % on its capital. 'We have a tremendous capital increasing, and we not only think this the best, but the most truly co-operative investment. . . . We think we are on the right road for solving the difficulty of productive co-operation.' Objections were raised by some delegates, Mr. Murray saying 'there is no trade oftener in the bankruptcy courts than the leather,' and Mr. Stevenson thinking that they 'ought to put the works in some place where there is light and sweetness,' with which expression the chairman strongly sympathized. The recommendation was carried by 192 to 52.

On January 1, 1885, the new boot works were opened. The works formed a beautiful pile of buildings in Dundas-street, and 'the best machinery known to the trade' was put in. Mr. Scott was appointed manager. At the ceremony, Mr. A. Miller (the secretary) contrasted the present flourishing 'position of the society with what it was ten years ago, when it was nearly bankrupt,' through the lending of large sums to the Scottish Co-operative Ironworks. At that time 'they were glad to ask the cashier sometimes to stay at home, so that they could truthfully say, in answer to inquiries, that he was not in.' The ground cost £7,383, and the building, which did not cover all the ground, cost about £7,000. At the opening, Mr. Maxwell referred 'to the assistance and kindness we have from time to time

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 584.

<sup>2</sup> *Ibid.*, vol. xiv. p. 280.

received from our brethren of the English Wholesale Society.' From the outset, he said,

'every source of information was closed to us in Scotland. We had nowhere to turn unless in England, and we could not have turned to better. Frequent deputations had to go to our friends at Leicester, . . . and every time we went we were received with the greatest kindness, and every information that would help us in this great undertaking was freely given. . . . This has been done with the full knowledge that the moment we started business for ourselves we ceased to be the best customer at Leicester <sup>1</sup>.'

At the March, 1885, quarterly meeting it was announced that the works had turned out an average of 750 pairs of boots per week, and it was hoped that this would soon be increased to over 1,000 pairs. In three years this had been increased to over 2,000 pairs per week <sup>2</sup>. When the works were removed to Shieldhall, the output rapidly increased, and on March 28, 1890, 388 hands were in full employ, and the output was about 3,500 pairs weekly <sup>3</sup>.

At the latter end of 1888 it was decided to commence currying leather for the boot factory; and in 1889, the manager (Mr. Scott) went to America with Mr. John Butcher, the Leicester works' manager, to 'report on the conditions of the boot and shoe trade' there. Only once has this department made a loss, and that was in the first quarter of its existence. The total sales up to June, 1892, were £335,059, and the total profit was £16,116, after paying interest on capital and providing for depreciation. The sales for the year ending June, 1892, were £76,320, and the profit was £4,112 <sup>4</sup>.

On June 26, 1886, the chairman said, 'The productive works have gone on very satisfactorily as regards business, but there are elements amongst us which make the work of

<sup>1</sup> *Co-operative News*, vol. xvi. p. 26.

<sup>2</sup> *Ibid.*, vol. xvi. p. 295; and vol. xix. p. 203.

<sup>3</sup> Congress Guide, 1890, p. 44.

<sup>4</sup> *Wholesale Annual*, 1890, p. 110, and later Balance Sheets.

your committee very discouraging indeed ; but with kindness and firmness, backed, I hope, by justice, we trust to conciliate some of these elements.' At the next meeting, the secretary (Mr. Miller) reported that 'through some misunderstanding,' the men at the boot works were on strike. Mr. Freer asked, 'Is it not a fact that the workmen in Glasgow will work for a penny per pair cheaper to outsiders than they will for you?' The chairman replied, 'We have proof that we can get work cheaper done by other people than the men will do it for us.' The strike was of slight duration <sup>1</sup>.

At the end of 1891, Mr. Scott resigned his position as manager, having taken another situation in Northampton, and Mr. Albert Johnson was elected by the committee to take Mr. Scott's place <sup>2</sup>. The number of employés in the boot factory in October, 1892, was 493 at Shieldhall, and 128 at Bridgeton, the latter annexe having been started in 1891 <sup>3</sup>.

In November, 1892, the committee of the Scottish Wholesale Society reported that the representative of the Leicester Co-operative Boot Manufacturing Society 'was calling on retail societies in Scotland.' The committee suggested to the Leicester Society that the Scottish Wholesale should become 'their sole agents in Scotland, on condition that they withdrew their traveller, and discontinued waiting on societies.' This the Leicester Society refused to do ; and Mr. Maxwell told the delegates of the Wholesale that if the Leicester 'Society seeks competition they will have it with a vengeance, for we are determined to do all we can to secure the trade of all the Scottish societies. We should keep oor ain fish guts for oor ain sea maws <sup>4</sup>.'

The cabinet factory was begun in connexion with the furnishing department at the end of 1884. Its development

<sup>1</sup> *Co-operative News*, vol. xvii. pp. 662, 974, and 975.

<sup>2</sup> *Ibid.*, vol. xxii. p. 1296 ; and vol. xxiii. p. 580.

<sup>3</sup> *Wholesale Annual*, 1893, p. 158.

<sup>4</sup> *Co-operative News*, vol. xxiii. p. 1326.

was slow until the erection of the works, equipped with the best machinery, at Shieldhall in the early part of 1888. But the new departure caused trouble. At the August, 1888, meeting a report was made on a dispute that had arisen with the Cabinetmakers' Union, which 'went to show that the disturbance had arisen through the introduction of machinery. Every effort had been made to bring about an amicable settlement. Mr. Maxwell, along with the manager of the cabinet factory, had visited several respectable shops of a similar description in Glasgow, and found that none of them were paying such prices as the Wholesale.' The strike took place at the beginning of August. After a few days, the men went in until details could be arranged that would be mutually satisfactory. Addressing the delegates' meeting with reference to this strike, Mr. Maxwell said, 'The Wholesale had to compete with those firms whom the trade union allowed to work at 20 % less than they, so they could not give in to every demand. . . . While it is good to applaud sentiment on the platform, you think differently when our representatives call to sell you goods.' Mr. Maxwell added that in the cabinet factory, the employés had received '83 % of the profits made in the form of bonus. . . . Still we have had strained relations with the union.' Ultimately an arrangement was made for the men to go on day wages<sup>1</sup>.

The sales from the commencement up to the end of June, 1892, were £53,328, and the net profits, after providing for depreciation and interest on capital, were £1,641. The September quarter of 1888 showed a heavy loss, which was partly caused by the strike. The sales for the year ending June, 1892, were £15,259, and the profit was £431. In the June half of 1891 there was a loss of £40. The number of employés in October, 1892, was 197. Brushmaking was started as an adjunct to the department in January, 1890. It had been uniformly successful up to June, 1892; its total

<sup>1</sup> *Co-operative News*, vol. xix. pp. 203, 875, 880, and 1203.

sales having been £9,017, and its profits £591. The employés are counted in the cabinet factory figures<sup>1</sup>.

In December, 1892, the brushmakers raised objections to the employment of female labour on a boring machine which had been introduced into the Shieldhall factory. As the committee of the Wholesale Society persisted in their intention to employ females on the machine, the brushmakers went out on strike, contending that 'one of themselves should be put on the new machine and paid trade wages.' It was stated that although these machines were in use in England and on the Continent, this one at Shieldhall was the first that had been introduced into Scotland. The committee told the men that unless they could use the machine in the manner they wished, 'there was nothing for it but to give up that branch of industry<sup>2</sup>.'

In June, 1866, it was agreed at the quarterly meeting by 248 votes to 25 to begin work in the printing trade. At the September meeting this step was opposed by Mr. Common, of the Edinburgh Co-operative Printers. He was out of order, and the delegates desired to stop him; but the chairman persuaded the meeting to hear Mr. Common out of courtesy. Mr. Common declared that the 'information placed before the delegates was utterly misleading,' and further urged that 'the starting this business involves a violation of co-operative principle. You are proposing to go into opposition to the Printing Society<sup>3</sup>.'

In August, 1887, the committee reported 'we have now equipped a printing office, with all the latest improvements in machinery, on our own premises in Glasgow.' The cost was about £800. Mr. Campbell was appointed manager. It was agreed to add ruling and bookbinding. At the beginning of 1889 the department was removed to Shieldhall<sup>4</sup>.

<sup>1</sup> *Wholesale Annual*, 1893, pp. 151 and 158.

<sup>2</sup> *Co-operative News*, vol. xxiii. p. 1420; and vol. xxiv. p. 29.

<sup>3</sup> *Ibid.*, vol. xvii. pp. 862 and 974.

<sup>4</sup> *Ibid.*, vol. xviii. p. 882; and vol. xix. p. 1203.

The total sales from the commencement up to June, 1892, were £29,610, and the net profit, after paying interest on capital, and providing for depreciation, was £2,397. There have been no losses. For the year ending June, 1892, the sales were £10,652, and the profit was £1,079. The number of employés in October, 1892, was 119<sup>1</sup>.

The most noteworthy feature in connexion with the productive departments of the Scottish Wholesale Society, is the fact that a large number have been grouped together on an estate beautifully situated on the Clyde about three miles from Glasgow. At the members' meeting in September, 1885, the chairman said, 'The committee are unanimously of opinion that the productive departments of the society should be gathered together in some convenient place near Glasgow,' and 'after a very careful consideration of this, they have come to the conclusion to ask you to allow them to purchase no less than ten acres.' He said he thought it would be unwise to purchase less, as 'we have other industries upon which we will need, sooner or later, to enter.' Mr. Maxwell then named, as likely ones, those of corn milling, preserve-making, and tobacco-cutting; and added, 'Other industries must fall into our hands at the rate the surplus capital is increasing<sup>2</sup>.'

Shieldhall, consisting of 12 acres, was purchased in January, 1887, at the price of £500 an acre, and on May 26, 1888, the delegates to the quarterly meeting were able to inspect the buildings that had been constructed for the accommodation of the boot, clothing and cabinet-making departments. The committee were also able to boast that the boot works were the largest in Scotland<sup>3</sup>. Since then additions have been erected for these departments, and other buildings have been erected for printing, for currying, for preserve-making, and for tobacco-cutting. The total expenditure on land, buildings, and plant, at

<sup>1</sup> *Wholesale Annual*, 1893, pp. 153 and 158.

<sup>2</sup> *Co-operative News*, vol. xvi. p. 905.

<sup>3</sup> *Ibid.*, vol. xviii. p. 77; and vol. xix. p. 542.



*Shieldhall up to June, 1892, was £80,844, which had been reduced by depreciation to £66,566* <sup>1</sup>.

On September 9, 1892, over a thousand persons, consisting of delegates to the Trades Union Congress and their friends, visited Shieldhall, and Mr. T. Burt, M.P., performed the ceremony of opening a reading and recreation room which had been erected for the use of the employés. On November 28, 1892, this and the dining-rooms were destroyed by a fire which originated in the kitchen; but steps were at once taken to reconstruct them, as well as to provide temporary accommodation for dining, &c. <sup>2</sup>

All the building at Shieldhall has been done by the society's own building department, which on October 1, 1892, had 387 persons in its employ. Beside these buildings, the department has built several warehouses for the society in Glasgow, and in 1892 it was also engaged in the erection of a large flour mill at Chancelot near Leith. During the construction of this mill, a dispute arose between the society and most of the workmen, owing to the employment of twelve men who were non-unionists. The Wholesale committee told these men they could only employ unionists, and the matter was settled by the twelve joining the union <sup>3</sup>.

Both the Wholesale Societies have departments which are really productive, although they are so mixed up with the distributive departments that it is not convenient to keep them separate. The chief of these departments is that of bacon and ham washing, dressing, drying, rolling, and smoking. Especially at Newcastle is this a large industry. There the English Wholesale Society has an extensive warehouse, specially arranged with steam boiler, fans, &c., for the work, and the total annual output in Scotland and England amounts to a very heavy figure.

The Scottish Wholesale is different from the English Wholesale in having paid bonus to labour since November,

<sup>1</sup> Society's Balance Sheet, June, 1892.

<sup>2</sup> *Co-operative News*, vol. xxiii. pp. 1029 and 1328.

<sup>3</sup> *Ibid.*, vol. xxiii. p. 581.

1870. Up to November, 1884, the rate paid was double the amount paid as dividend on members' purchases ; but, on April 26, 1884, a special meeting was held to revise the rules on this head. The committee said :

'We do not wish to see the anomalous condition of matters possible, such as lately existed, actually paying a bonus when no bonus was earned, thus taking away every argument in favour of bonus, and making it merely a gift, and only going to increase the wages, already at the highest point.'

To substantiate this statement, it was added that one of the productive departments had only made 'a profit of £26, and a bonus was paid of £94.' They therefore proposed that employés in distributive departments should be paid bonus at the same rate on wages as members receive dividends on their purchases ; and that in the productive departments, the profits should be divided between the society and the employés in proportion to the purchases made and the wages earned in each department. There was a long and interesting discussion, in which, as usual, diverse opinions were expressed. Among them were the following : (1) The best way of carrying out the co-operative idea is to pay workmen a good wage, because it seems impossible to allow bonus fairly in all departments. (2) It would be unfair to those in the productive departments to receive bonus on one amount of profit, while those in the distributive received it on another. (3) Why should we propose to make a difference unless we wish to create a very bad feeling between the workers in the distributive and productive departments? (4) Paying bonus in every department on the total profits is all very well in theory. But we have been paying double bonus because we have not made profits in some of the productive departments. (5) It would be a mistake to pay the same bonus all over the concern. Paying it on the separate departments is the only way in which any trade can be carried on successfully. (6) You may get an efficient class of workers in the productive departments, and each man do

his best; yet through a mistake in the management, they will turn out no profit. Is it fair to give no bonus when this occurs? (7) The mere fact of going into the market and putting a certain percentage on the goods sold did not make a profit, and the only clear and just way to settle the matter was by casting bonus to the winds. Through all these contradictory opinions the committee's recommendation was carried and was put into operation<sup>1</sup>.

The total amount of bonus paid up to the end of June, 1892, was £16,277. In 1891 the sum paid to workers in the productive departments amounted to £1,802, which was equal to 9*d.* in the pound on their wages<sup>2</sup>. The opinion of the chairman, Mr. Maxwell, who I believe is in favour of bonus, has been expressed as follows:—‘The Scottish Wholesale had paid bonus from 1868, and yet they had as great difficulty, he was sorry to say, in founding co-operative workshops, as co-operators had in England<sup>3</sup>.’ Again, he said, ‘in the productive departments, I am sorry to say, only about 6 % of the employés are members of co-operative societies<sup>4</sup>.’

There is also another point of difference. Employés in the Scottish Wholesale can invest loans at 4 % per ann. Formerly, 5 % was allowed, but when capital became superabundant, the interest was reduced; the delegates considering that the privilege of investment, which was not conceded to any society or to other persons, was a very valuable one at 4 %. All other increases or additions to loan accounts are simply accumulated profits; and in both Wholesale Societies, when once withdrawn, cannot be re-invested.

At the delegates' meeting of the Scottish Wholesale Society, held on November 26, 1892, an important alteration of rules was made, by which the following provisions became law. Through the operation of a Co-operative Investment Society, employés may become members of

<sup>1</sup> *Co-operative News*, vol. xv. pp. 368-9 and 370-1.

<sup>2</sup> *Wholesale Annual*, 1893, p. 157.

<sup>3</sup> *Co-operative News*, vol. xviii. p. 579.

<sup>4</sup> *Ibid.*, vol. xix. p. 543.

the wholesale society if over twenty-one years of age. On becoming a member an employé must take up at least five £1 shares, and the maximum number he can hold is twenty. The system of paying bonus has been altered. In future

‘bonus will be credited to employés in both productive and distributive departments at the same rate in the pound on wages earned as is allowed per pound on members’ purchases; an interval of three months being allowed to elapse between each payment, and no more than half the bonus which may have accrued to each employé in the interval being paid; the remainder to be credited to each employé as a deposit in the loan fund of the society at 4 % per ann. interest. On leaving the society’s employment, the loans will be repaid,’

but the shares will have to be transferred to other employés, for which facilities will be provided. The employés have the right to send one delegate to the society’s meetings, and an additional one for every 150 employés who are shareholders<sup>1</sup>.

According to the evidence given to the Labour Commission in 1892 by Messrs. Maxwell and Mitchell, the total annual value of the goods produced in the factories of the two Wholesale Societies was £865,000; being £150,000 in the Scottish, and £715,000 in the English factories<sup>2</sup>.

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 1302 and 1328.

<sup>2</sup> Minutes of Labour Commission, October 25 and 26, 1892, pp. 12 and 60.

## CHAPTER XVI.

### COTTON FACTORIES.

REFERENCE has several times been made to early efforts at co-operation in the cotton industry. The Bacup and Wardle Commercial Company is the oldest existing association. The co-operative store at Bacup was started in 1847 by

‘seven individuals who met in a garret known as the chartists’ room. . . . Co-operation was unpopular in those days, and there were prophecies of the speedy dissolution of the society, accompanied by laughter and sneers. However, its ultimate success produced quite a commotion, and the original nickname of the chartists’ shop was dropped.’

This success evidently stimulated the people of the district to further exertions, and the Manufacturing Company was founded in 1850. The editor of the *Christian Socialist*, writing in January, 1851, said :

‘We have just finished reading the deed of settlement of the Bacup Commercial Company, an association which has registered itself under the Joint-Stock Companies Act. We had the great pleasure some days ago of visiting the admirably-conducted mill belonging to this association, and are therefore able to assure our readers that it is in practice an association of working men<sup>1</sup>.’

In October, 1851, Mr. Ludlow visited the mill, and described it as a

‘fine building containing 72 looms, worked by a 12 horse-power engine, and employing 53 persons, of whom 13 or 14 are share-

<sup>1</sup> *Christian Socialist*, vol. i. p. 99.

holders out of the 70 forming the company. . . . It does £140 a week in calicoes<sup>1</sup>.

The mill has had a very successful career. The capital was enlarged until it reached £40,000. In 1859, another issue of £20,000 was made<sup>2</sup>. Mr. Patrick, one of the factory inspectors for Lancashire, in a report dated May 16, 1860, said :

‘ They commenced operations at Clough House Mill, Wardle. . . . About five years ago, they built a large factory, Far Holme Mill, of 100 horse steam power, in addition to Clough House Mill. . . . They have now increased their capital to £60,000, and have largely increased the Far Holme Mill, requiring two more engines of 40 horse-power each, which they are about to put down. The large majority of shareholders are operatives who work in the factory, but receive wages as working men, and have no more to do with the management than giving their votes at the annual election of the committee of management. I have been through the Far Holme Mill this morning, and I can report that so far as the Factory Act is concerned, it is as well conducted as any in my division<sup>3</sup>.’

Speaking of the working-class companies that had sprung up prior to the cotton famine, Dr. John Watts said ‘ the most favoured and most famous is the Bacup and Wardle, whose shares, with £12 10s. paid, sold freely in 1861 for £26. Rumour gave them credit for dividing from 30 to 50 % per ann. upon their ‘paid-up capital’. For the four half-years of 1859 and 1860 the dividends were at the rate of 31, 44, 50, and 62 % per ann. respectively<sup>4</sup>.

The beneficial effects of co-operation at Bacup were described by Mr. J. C. Farn in 1862 as follows :—

‘ In Bacup there are co-operative stores and manufacturing companies, usually paying the largest dividends in the country. The members of them own three-fourths of the cottage property, and feel less than any other class of operatives the present bad

<sup>1</sup> *Christian Socialist*, vol. ii. p. 277.

<sup>2</sup> *Co-operator*, vol. i. p. 127.

<sup>4</sup> *History of Cotton Famine*, p. 341.

<sup>3</sup> *Ibid.*, vol. i. p. 131.

<sup>5</sup> *Co-operator*, vol. ii. p. 25.

state of trade. . . . The workmen of Bacup are chiefly members of co-operative manufacturing companies ; they employ themselves and receive the profits<sup>1</sup>.

The disastrous cotton famine had its effect on this as well as other companies, but the Bacup Company did not suffer to the same extent as the others. In June, 1864, the price of shares had receded to £14 each<sup>2</sup>. By the year 1873 renewed prosperity had caused them to go up again, and they were sold at £25 5s. each<sup>3</sup>. In 1874 a dividend at the rate of 48 % per ann. was declared<sup>4</sup>. Mr. M. Lord has kindly supplied me with several balance sheets and papers. The balance sheet for October 31, 1889, showed that latterly the company had been suffering from bad trade. The loss on the quarter had been £972, and they had an accumulated balance to the debit of profit and loss account of £2,865. The balance sheet for July quarter, 1890, showed the accumulated balance of loss to be £2,565. Their share capital stands at £52,575, and their loans at £18,247.

Mr. J. Rawlinson, secretary of the North-East Lancashire Master Cotton Spinners' and Manufacturers' Association, has given an account of a co-operative mill which was started in 1857

'under the name of the Harle Syke Commercial Company. It was an entirely unlimited and unregistered partnership. The company built a shed, and they worked from 400 to 500 looms. The shareholders worked the looms. The company continued business until about 1860. It was not a commercial success, and ultimately the business—that is, as a manufacturing business—came to an end. The machinery was divided amongst the shareholders in proportion to the capital they had embarked in the concern ; and the shareholders continued to work it as best they could, paying a stipulated rent to the company ; that is to say, the company was not wound up, but continued to be the landlords of the shareholders, who worked the looms on their own separate accounts.'

<sup>1</sup> *Co-operator*, vol. ii. p. 216.

<sup>2</sup> *History of Cotton Famine*, p. 343.

<sup>3</sup> *Co-operative News*, vol. iii. p. 492.

<sup>4</sup> *Ibid.*, vol. v. p. 88.

The shareholders received four or five looms each. Some sold their looms. The remainder, Mr. Rawlinson said,

‘made a re-combination, and made it into, I think, four or five or six firms, some of them paying the others out and employing them as weavers. . . . Several of the most successful firms in Burnley sprang from it. They date their start from the breaking up of that company, and began the business on their own account through the division of this machinery<sup>1</sup>.’

According to a statement made by the Duke of Argyll in the Free Trade Hall, Manchester, in November, 1860, up to that year there had been only five co-operative societies or mills at work, involving a nominal capital of £120,000, and giving employment to 1,200 persons. The oldest society only dated back ten years. That year had seen similar societies to the number of 20 started, involving a nominal capital of £660,000. Commenting on them, the Duke said

‘he knew that in many minds there was a jealousy of the working class undertaking and forming co-operative societies. . . . The only point of view in which he regarded them was, that they might or might not be successful as commercial speculations ; but he thought it would be a happy thing if they did succeed. It would raise the feelings of independence in the working class of the country ; they would begin to feel that they were not mere labourers, but partners, and to a certain extent capitalists in the commercial world<sup>2</sup>.’

In a paper to the Social Science Congress in 1860, Dr. Watts gave a list of the cotton companies, ‘either wholly at work or in progress of formation.’ There were 27 enumerated, with a nominal capital of £998,000<sup>3</sup>. The formation of these numerous companies attracted considerable attention. In his report for the half-year ending April,

<sup>1</sup> Minutes of Evidence, Labour Commission, Group C, July 11, 1891, p. 100.

<sup>2</sup> *Co-operator*, vol. i. p. 112.

<sup>3</sup> *Ibid.*, vol. i. p. 127.



1860, Mr. A. Redgrave, the Chief Factory Inspector, referred to the

‘rapid development and extension of co-operative societies for the erection and working of mills. Co-operative societies,’ he reported, ‘have multiplied greatly since the passing of the Limited Liability Act. They are composed chiefly of operatives. Each society has a capital of £10,000 and upwards, divided into shares of £5 and £10, with power to borrow in certain proportions to the capital subscribed; and the money borrowed is made up of small loans by operatives and persons of the like class. I have been informed that in Bury alone upwards of £300,000 will be required to put the co-operative mills there built and building into order.

‘In cotton-spinning mills, the spinners and persons employed are frequently shareholders in the same mill, working for wages, and receiving interest on their shares.

‘In the cotton-weaving sheds, the partners frequently hire and work looms. This is attractive to operatives, because no capital is required to start them in their undertaking; they purchase the yarn ready for the loom, weave the cloth, and the factory operation is completed; or else they receive the yarn from some manufacturer who trades with them, and return to him the woven fabric. . . . Here, then, are strong inducements to a man to save a little; he has in his own town, and with a full knowledge of the whole concern, a paying investment for his savings; he has his share in the management; and his property in the society is recognized, and is disposable at its market value. It will be most interesting to watch the progress of these co-operative establishments, and the part taken in them by the working classes, to whom a new field is open, which may have most important consequences to their well-being and their independence of character’.

In the succeeding half-year Sir John Kincaid reported as follows :—

‘In the Lancashire portion of my district, the prosperity of the cotton department appears to be best indicated by the extensive new mills in the course of erection, and the large additions being made to old ones. Mr. Ewing reports four new mills on the co-operative system already in operation in his district, the

<sup>1</sup> *Co-operator*, vol. i. p. 84.

shares of which are mostly in the hands of the operatives ; and the Haslingden Commercial Company, not under the Limited Liability Act, declared a dividend of 36 % on the last half-year. He also names four other large mills on the same principle in the course of erection, the shares of which are also chiefly in the hands of the operatives <sup>1</sup>.

All critics had not equally sanguine views to those of Mr. Redgrave. Speaking to the Social Science Congress in 1863, Sir James Kay Shuttleworth said :

‘The mills built in Lancashire had scarcely any feature of co-operation in them. They were joint-stock companies, the shareholders, who were very numerous, having small shares of £5 and £10 each. They would perceive that it was extremely difficult to introduce the practical operation of co-operation into such a society as a joint-stock society, consisting of working men. . . . The capital required for the establishment of one of the large co-operative mills in Lancashire was very great. Supposing they had to erect a spinning-mill and a loom-shed, that would require from £15,000 to £20,000 of original capital, and at the present price of cotton, from £10,000 to £15,000 to work it. . . . In such societies the whole body of shareholders met periodically, commonly quarterly. They elected a body of directors, the directors chose the manager or managers, and the managers appointed the overlookers of the different departments of the mill ; and then there arose the formidable question —What benefit should the shareholders have in this mill beyond the ordinary profits? The first claim that was practically put forward in such societies was, that a preference should be given to the families of the shareholders in selecting the workers in the mill. . . . He had witnessed on his own property the failure of one of these concerns. There was a desire to introduce into the concern the principle of co-operation to this extent, that the shareholders should have the advantage of the employment of their families in the mills. The immediate effect of that was this, that instead of producing stricter discipline and that close attention to the working of machinery, which was so necessary in cotton mills (and he might mention that the discipline of a regiment was inferior in strictness to that of a cotton mill), at their quarterly or half-yearly meetings most vexatious complaints were made by the workers against the overlookers, and

<sup>1</sup> Reports of the Inspectors of Factories, Oct. 31, 1860, p. 13.

an overlooker who had dared to discharge a worker who was a shareholder, was in extreme danger of being dismissed at the next meeting; and the poor manager who had failed to procure obedience from the overlookers, or those at work with him, was himself very soon dismissed. He was bound to say that he was not at all sanguine on the application of anything like the principle of co-operation strictly so-called to the manufactories of Lancashire at present<sup>1</sup>.

The cotton famine swept a number of these companies out of existence. Dr. Watts calculated that the working people of Lancashire suffered a decrease in their accumulated savings during the famine of over £800,000 in the savings banks, and of fully £500,000 in the co-operative stores<sup>2</sup>. But this is only a very poor measure of the distress and losses that were sustained, for very many thousands had their homes completely stripped to provide the necessaries of life. In November, 1862, there were 485,441 persons in Lancashire who had to accept relief either from the guardians or the specially-constituted committees. The sum of £1,600,000 was subscribed by voluntary contributors in aid of the sufferers. The Local Government Board made special public works loans to the amount of nearly £2,000,000 for the same purpose; and the expenditure of the guardians of the poor in the distressed districts rose to ten times the amount required in ordinary times<sup>3</sup>.

Jealousy of co-operation sometimes caused harsh treatment of the operatives. At the latter end of 1862, the Bury Guardians were asked to make loans to distressed working people, on the security of shares in cotton companies, so as to avoid the very heavy loss of selling at the ruinous prices then obtainable. It was urged on their behalf that 'the guardians should endeavour to shield the prudent and saving man from too great a sacrifice.' But

<sup>1</sup> Social Science Congress Report, 1863, p. 755.

<sup>2</sup> *History of Cotton Famine*, pp. 340-1.

<sup>3</sup> *Ibid.*, pp. 252, 450, 452-7, and 472.

the request was refused<sup>1</sup>. In 1863, 'many of the shares were absolutely unsaleable at any price<sup>2</sup>.' At a general release of goods from the pawnshops at Haslingden, obtained through the action of the Relief Committee, 'not an article was returned that belonged to co-operative shareholders,' although it was obvious that thrifty people would not have pawned anything if they could have avoided doing so. 'The girls of co-operative shareholders have been refused admission to the evening classes<sup>3</sup>, and the articles of clothing, so generously contributed, have been refused to co-operators, though frequently in greater need of them than others who obtained them.' Dr. John Watts championed their cause before the Central Relief Committee, and the chairman, Lord Derby, expressed the opinion that 'the utmost which can fairly be required is, that the holder shall have mortgaged his share, and that he is not at the present moment deriving any pecuniary benefit from it. In such cases, I think the holder might fairly be entitled to relief.' Lord Egerton of Tatton backed this up by quoting the 'previous statement of the Committee, that these were cases for forbearance, and that it would not be wise to discourage habits of forethought.' In the face of 'these strong recommendations from headquarters, the local committees turned a deaf ear to the appeals of co-operative shareholders.' The result was the formation of a 'Co-operative Shareholders' Central Relief Committee,' who in their appeal to the public said, 'We fear that the treatment we have recorded will be looked upon as a punishment for carefulness<sup>4</sup>.'

The value of co-operation at this period was recognized by the *Times*. Its special correspondent, writing in 1863, said :

<sup>1</sup> *Co-operator*, vol. iii. p. 140.

<sup>2</sup> *History of Cotton Famine*, p. 343.

<sup>3</sup> These classes formed part of the machinery of the Famine Relief Committees.

<sup>4</sup> *Co-operator*, vol. iii. p. 166.

‘It will be interesting to watch how it passes through this storm. The co-operative movement is no doubt destined to do much to better the condition of the working classes. . . . There can be no doubt that the funds invested in both branches—manufacturing and trading—have been very extensively used to repel the advances of destitution, and have been a great saving to the rates and the voluntary funds<sup>1</sup>.’

As it is impossible within the limits of this chapter to give all the available information concerning these cotton manufacturing companies, it is necessary to make such a selection as will give a fair idea of the whole.

The Rochdale Co-operative Manufacturing Society was started in 1854, and next to Bacup is the oldest existing association. It is different from Bacup in being registered under the Industrial Societies Act.

‘All the promoters of it were members of the Pioneers’ Society. . . . Among those who were actively concerned in the formation or early management of the society were Messrs. Thomas Collier, Abraham Greenwood, J. T. W. Mitchell, Thomas Brierley, Charles Howarth, Thomas Bamford, and David Hill<sup>2</sup>.’ Their ‘funds were too limited to allow of their hiring more than a single room, in which of course mechanical appliances could only be very partially used<sup>3</sup>.’

The Mr. Collier just mentioned was manager when operations were commenced in a single lower room of Bottomley’s Mill at Bridgefield. .

‘There were 96 looms and a winding frame. . . . Shortly afterwards the committee engaged a room over a mechanic’s shop in Whitworth-road, and there made weft, the plant consisting of one opener, one scutcher and mules, and twelve carding engines<sup>4</sup>.’

‘The disastrous years of 1857 and 1858 sorely tried this infant establishment, but it weathered the storm successfully; and, although during a period of fifteen weeks no sales were effected, or sales only to a trifling amount, yet the hands were never

<sup>1</sup> *Co-operator*, vol. iii. p. 152.

<sup>2</sup> *Rochdale Observer*, May 10, 1890.

<sup>3</sup> *Westminster Review*, 1864, p. 372.

<sup>4</sup> *Rochdale Observer*, May 10, 1890.

put on short hours, although the other mills in the town yielded in this respect to the pressure of the times<sup>1</sup>.

Shortly after this land was bought, and a new mill was commenced. On Saturday, August 14, 1860, the mill was so far completed that the two new engines were set in motion, and named 'Co-operator' and 'Perseverance.' The cost of the mill up to this had been £34,000. An account of the mill, given at the time, said :

'It is being filled with first-class machinery, and it is supposed that in a month or six weeks all will be in working order, when work for about 300 hands will be found. The society will now have embarked about £59,000 of capital. . . . For the last half-year ending July 14, 1860, a dividend of 4*d.* in the pound was declared to the operatives employed, about eighty in number, on the amount of their earnings, and 10*d.* in the pound to the owners of capital<sup>2</sup>.'

An enthusiastic visitor, apparently writing from the mill in December, 1860, gave his impression of it as follows :—

'We are in close proximity to this new experiment. . . . We feel confident that the proudest and wealthiest cotton-spinner in Lancashire would not wish to drive his carriage up to more respectable and comfortable offices. . . . We pass into the first room filled with looms and spindles of the finest class of workmanship. . . . Again we ascend, again and again, till we reach No. 5. . . . Everything seems in hot preparation for commencing. Built with due regard to health, it is well ventilated. . . . We saw a man on the road coming towards the mill. Mr. C—observed, "There's the secretary." What, he in the smock and fustian trousers? . . . He, a poor honest labourer, secretary to a mill built at a cost of £34,000, and has a working capital of another £22,000! Be proud of thy secretaryship, brother. . . . No man ever worked in a nobler cause<sup>3</sup>.'

Concerning the division of profits Mr. Abraham Greenwood has told me that

'our mode of dividing profits gave to the workers much more than any profit-sharing company or society pays now. Our

<sup>1</sup> *Co-operator*, vol. i. p. 80.

<sup>2</sup> *Ibid.*, vol. i. p. 85.

<sup>3</sup> *Ibid.*, vol. i. pp. 89, 90.

division, I remember well, gave 4s. per £1 on the workmen's wages, and 2s. in the pound to the shareholders' capital. This division of profits made the new shareholders, who had been attracted by large profits, discontented. By way of compromise, it was agreed that profits when made should be divided as follows:—As a first charge on profits 5 % should be paid on capital. Whatever profits were left, after paying the claims of capital, should be divided thus: Capital and wages should be added together, and both paid so much per pound as the remainder of the profits would go. We found when labour and capital were thus added together, that capital took nine-tenths of the remainder of the profits. The original promoters never lost confidence in the principle of profit-sharing. It was the success of the society that attracted to it persons who only cared for the eternal "divi." These persons brought into the society their money very rapidly for shares, thus raising the number of shareholders from 200 or 300 to 1,400. It was the new shareholding element that swamped the original promoters of what was then called "Bounty to labour."

During the cotton famine, the society kept up the full rate of wages, and ran 'more time than any mill in the neighbourhood'. 'It was the last in Rochdale to resort to half-time, and the first to return to full-time'. It also, together with the Pioneers and the Corn Mill, subscribed to the famine relief fund<sup>3</sup>.

The position of the society up to the cotton famine was as follows: 1857, being the first complete year it was at work, operations having been commenced in August, 1856, capital, £4,351, profit, £672; 1858, capital, £8,801, profit, £581; 1859, capital, £25,623, profit, £1,770; 1860, capital, £56,867, profit, £3,642; and 1861, capital, £68,386, and profit, £5,599<sup>4</sup>.

In March, 1862, the shareholders abolished 'bounty to labour' by a very large majority. Only 162 voted in favour of the retention of the system<sup>5</sup>. A previous attempt had been made in September, 1860, but the requisite majority

<sup>1</sup> Social Science Congress Report, 1864, p. 622.

<sup>2</sup> *Westminster Review*, April, 1864, p. 372.

<sup>3</sup> *Co-operator*, vol. iii. p. 127.

<sup>4</sup> *Ibid.*, vol. ii. p. 211.

<sup>5</sup> *Ibid.*, vol. ii. p. 199, and vol. iii. p. 2.

was not then obtained, 571 voting against bonus and 277 for it<sup>1</sup>. The old secretary of the Pioneers, William Cooper, wrote :

‘Working men, in public meetings or elsewhere, must speak with bated breath in denouncing the oppression and tyranny of capitalists, else someone will point to the rapacity of certain working men in Rochdale, who, on becoming employers of labour, took the bounty off their work-people at the so-called co-operative mill. . . . Nearly all the anti-bountyites are persons who joined the society after it had become a prosperous and paying establishment. . . . I do not feel disposed or qualified to discuss the question of political economy, and workers sharing in profits, but feel that it would have been right for those who think as Mr. Ross thinks, to have kept themselves aloof from the Rochdale Co-operative Manufacturing Society, and if they had thought proper they might have commenced a society after their own fashion for themselves. . . . It appears to me to be wrong for persons to enter (invade) a society with whose principles they disagree, and then destroy its constitution<sup>2</sup>.’

To this an ‘Old Pioneer’ replied :

‘Let me tell Mr. Cooper that if no one had joined the society but pledged adherents to this system of bounty, there would not at the present time have been the extensive establishments there are in Rochdale; in fact, no such company could have been formed, for I verily believe that if all who hold the bounty theory in Rochdale could be enrolled into one company, they would scarcely be able to carry on a ginger-beer establishment. . . . Co-operation, properly understood and acted upon, the same as it is in Rochdale, can never fail. . . . Co-operators, take courage. Be not dismayed or intimidated at the howlings of the few<sup>3</sup>.’

Mr. John Holmes, commenting on the matter, said :

‘The arguments used, if arguments they can be called, run thus—(1) “It is unjust to capital to give a bounty to labour after it has received its market rate of wages.” (2) “Capital has all the risks, and therefore ought to receive all the results of gain.” (3) “Other societies do not divide profits, and why should we?” (4) “That as many members do not work at the society’s mill;

<sup>1</sup> *Co-operator*, vol. i. p. 92.

<sup>2</sup> *Ibid.*, vol. iii. pp. 6, 70.

<sup>3</sup> *Ibid.*, vol. iii. p. 85.



it is unjust to them to give bonus to those who *do* work for the society." To reply in order, we may say, (1) If labour has no right to profit above market wage, neither, on that principle, has capital any sounder claim. . . . (2) Rochdale could not lose capital without labour at the same time losing its employment. . . . Capital cannot lose without labour losing more. . . . Shut up the mill, and so far labour is destroyed. . . . (3) To say that other societies do not divide bonus to labour . . . gives not the slightest ground for alteration in one that does so. . . . (4) Surely, it is a bad reason to say "Because I do not enjoy another shall not." . . . To prevent the establishment of a great principle because all cannot have it at once, is to stop and utterly prevent all progress. . . . The argument should have been to extend the benefit, not to cut it off<sup>1</sup>.

I have given prominence to this 'bounty' discussion, because in its day it attracted as much public attention as 'bonus' in the Wholesale has done in more recent years. Then, as now, most of the press expressed adverse opinions to the action of the majority, and were strongly in favour of the 'bounty' being retained. There were, however, exceptions. One writer said :

'This change subjected the association to the charge of swerving from its principles of co-operation ; but we do not see the justice of the accusation. Co-operation means "acting together." The members, by putting together their small means, and thus forming a capital sufficiently large to manufacture on a profitable scale, are co-operating. . . . No moral obligation rests on them to share the profits<sup>2</sup>.'

Early in 1862, a No. 2 mill was begun by the Rochdale Manufacturing Society<sup>3</sup>, and it was finished in 1863. In the last half of 1863, the society declared a dividend at the rate of 18 % per ann. In the first half of 1864, it 'just managed to keep clear of loss,' but was 'working its mills full time<sup>4</sup>.' The following details are taken from a local paper dated May 10, 1890 :—

'The only large extension made since the erection of No. 2 mill, is the weaving shed, which was completed last year. The

<sup>1</sup> *Co-operator*, vol. ii. p. 211.

<sup>2</sup> *Quarterly Review*, October, 1863, p. 432.

<sup>3</sup> *Co-operator*, vol. iii. p. 6.

<sup>4</sup> *Ibid.*, vol. v. p. 38.

present capacity of the concern is about 60,000 spindles, and over 1,000 looms. There are about 1,000 workpeople, and for the first quarter of the current year, the wages paid amounted to £9,278. . . . We believe the 13,171 shares, representing a capital of £65,855, are held by about a thousand persons. Working men who have saved a little money make up the majority of the shareholders. . . . From 1854 down to the present time, an average dividend of over 6 % has been paid<sup>1</sup>.

The balance sheet for April, 1890, showed that besides share capital, the society had £82,671 of loan capital, on which interest at 4% per ann. was being paid. During the society's existence, and up to the date of this balance sheet, buildings and machinery had been depreciated to the extent of £99,673; and then stood at the net amount of £121,729. In 1891 the society made £7,237 of profits, after paying loan interest; and in 1892, the amount of profit was £6,266<sup>2</sup>. The Wholesale Society is a customer for calicoes to the extent of £15,000 or £16,000 a year.

While the shareholders of the only existing profit-sharing cotton mill were making up their minds to discontinue the system, the Manchester Co-operative Spinning and Manufacturing Company, Limited, was being formed. In July, 1860, it was reported that

'a few friends of co-operation, with others, had met to consider the desirability of commencing a cotton mill; and, during these consultations, the most important consideration was, shall it be proprietary or co-operative? and, that the question might not be decided without knowledge, a deputation was sent to Rochdale and Bacup, who gave in their report. The decision was then come to that co-operation should be the principle of the company. . . . The shares are only £1 each, and the only payment at first is 3d. per share and 6d. for a copy of rules, and when 3,000 shares have been applied for, the directors will register<sup>3</sup>.'

On November 9, 1860, a

'numerous meeting was held in the People's Institute, Heyrod

<sup>1</sup> *Rochdale Observer*, May 10, 1890.

<sup>2</sup> *Oldham Chronicle*, Dec. 26, 1891, and Dec. 31, 1892.

<sup>3</sup> *Co-operator*, vol. i. p. 21.

Street, presided over by Mr. Alderman Heywood. . . . Upwards of 500 shares of £1 each were taken at the meeting, bringing the total number obtained up to nearly 3,000. A resolution was passed to enrol the company forthwith, and a second resolution was adopted recommending the directors to take steps for the commencement of weaving as soon as the funds would admit of it<sup>1</sup>.

In 1861, a factory standing on 2 acres of ground, situated at Newton Heath, was purchased for £4,650, £4,000 of which was to remain on mortgage for three years.

'The premises, which were well situated on the banks of the Rochdale Canal, contained 748 calico looms. two warping-machines, one winding-frame, a tape-machine, a horizontal engine of 25 horse-power, and an excellent boiler. . . . Plenty of shareholders were ready for work,' and 'quite a jubilant feeling animated the meeting<sup>2</sup>.'

A gentleman well known in Manchester (Mr. Max Kyllman) invested £10,000 of loan capital with the company<sup>3</sup>. It struggled on with little success until Mr. Kyllman's death, in 1867, when his executors withdrew the loan, and thus put an end to the experiment<sup>4</sup>.

The chequered life of the Cobden Mills Company deserves recording, from the fact that it was the first instance of a co-operative association being promoted by the payment of promotion fees. The mill belonged to Mr. Nicholas Heald. It was situated at Sabden, near Blackburn, and the cotton famine had left it silent. Mr. Heald arranged with Mr. E. O. Greening to float a co-operative association to purchase the property<sup>5</sup>. From a statement purporting to be signed by Mr. Heald, on August 18, 1868, I gather that this gentleman paid Mr. Greening £1,600 for promoting the company, and that the company also paid Mr. Greening £600 for promotion expenses. After the company was formed, the board passed a resolution granting Mr. Greening

<sup>1</sup> *Co-operator*, vol. i. p. 100.

<sup>2</sup> *Ibid.*, vol. ii. p. 57.

<sup>3</sup> *Industrial Partnerships Record*, p. 47.

<sup>4</sup> *Co-operator*, vol. vii. p. 478.

<sup>5</sup> *Ibid.*, vol. vii. p. 184.

a commission of 2s. 6d. per share on all shares sold by him after June 28, 1867<sup>1</sup>.

Richard Cobden died in 1865, and the company was named after him. The Social Science Congress met in Manchester in 1866, and their meeting time was selected for the floating of the company. A trip of the members of the association was 'planned to celebrate the opening' of the mills. It was 'quite a co-operative fête.' It took place on Saturday, October 6, 'and trains full of co-operators, social science promoters, and holiday seekers, were conveyed as far as Whalley Abbey, on the way to Sabden, from Manchester, Bolton, Blackburn, Darwen, and many other places<sup>2</sup>.' The prospectus stated that the share capital would be £80,000, and that £20,000 of this would be reserved for the work-people. There were 3 acres of land. The mill was to be fitted with 400 looms, and 27,360 spindles. It was estimated that on a called-up capital of £40,000 there would be realized a net profit of £7,500, or over 18½ % per ann.; and the prospectus explained that 'One half of the surplus profits above 10 % will be divided amongst the work-people. The present proprietor invests the whole of his interest in paid-up shares. His son, brought up in the business, will invest £1,000 in the company, and will act as manager<sup>3</sup>.'

The mill began work in September, 1867, and a small profit was made up to the end of the year<sup>4</sup>. At June, 1868, an interim dividend at the rate of 5 % per ann. was declared to the shareholders. But the second annual balance sheet, of which I have a copy, showed a loss of £1,957 on the year's operations. There was also an item of £1,000 preliminary expenses taken as an asset. The paid-up share capital was then £20,575, and the uncalled share capital was £5,500. There were £5,021 of debenture loans, and

<sup>1</sup> Pamphlet by G. B. Addison, late secretary of the Cobden Mills Company, September, 1868, pp. 9, 11, 15.

<sup>2</sup> *Co-operator*, vol. vii. p. 182.

<sup>3</sup> *Ibid.*, vol. vii. p. 196.

<sup>4</sup> *Ibid.*, vol. viii. p. 152.

£7,327 of loan on mortgage. On October 27, 1868, the mill was being worked short time, and was still being so worked at the date of the balance sheet.

In September, 1869, the editor of the *Co-operator* said : 'We are happy to be assured that it (the Cobden Mills Company) has come safely through the cotton crisis storm. . . . The directors have declined all remuneration for their services until the concern becomes a dividend paying property<sup>1</sup>.' The sixth annual report, submitted to the shareholders on March 11, 1873, showed a loss for the year of £2,010. Up to this date the company had paid a 5 % per ann. dividend in three half-years ; but not one of these had been really earned. At this meeting a shareholder pointed out that in the previous balance sheet, the

'directors had caused a new valuation to be taken of the plant, and because the valuer considered it worth more than appeared on the previous balance sheet, the directors increased the assets, credited profit and loss account with the supposed increase in value, and paid a dividend out of such increase. He never knew a company claiming to benefit working men to do that before.'

In reply to numerous criticisms, the chairman, Mr. W. Romaine Callender, who had held this position from the commencement of the company, said

'the directors had done their utmost with the means at their command. . . . Mr. Edward Owen Greening had formed the company, and not the present directors. They were not responsible for the formation expenses, nor for the qualification of £500 to entitle a shareholder to become a director<sup>2</sup>.'

After this meeting, a few of the active spirits connected with Oldham and Rochdale company enterprises, including Mr. William Nuttall, turned their surplus energies in the direction of the Cobden Mills. The original directors were getting tired of it. The new men bought up a large number of shares at (speaking from memory) about 10s. for the

<sup>1</sup> *Co-operator*, vol. ix. p. 658.

<sup>2</sup> *Co-operative News*, vol. iii. p. 123.

£1 share. At the next meeting, held in August, 1873, alterations were made in the rules, so as to provide for the issue of quarterly balance sheets, and to reduce the qualification of directors to £50, as there were then only twelve persons available out of whom to select nine directors. The old directors amicably resigned, and a board, consisting partly of the old and partly of new men, was elected<sup>1</sup>.

On January 31, 1874, the new board reported that at the date of their taking office there was 'a known loss against the company of nearly £4,000.' But when the accounts for September quarter were closed, they were surprised to find a further loss of £600. On instituting an inquiry, they learned 'that one item in the June stock had been overstated to the amount of £520. . . . The manager (Mr. Ernest Heald) having tendered his resignation, your board felt bound to accept it.' The late manager explained that 'he did not tell the board of the error, as he expected that at the time he was making a profit, and that the board would take it better when that profit had been obtained than otherwise<sup>2</sup>.' The next three quarters showed profits of £575, £663, and £718 respectively<sup>3</sup>.

The improvement continued up to the June quarter of 1875, when the adverse balance in profit and loss account had been reduced to £2,182. The shares of £1 each were selling for 10s. The Wholesale Society had advanced £20,000 on mortgage<sup>4</sup>. The company now made a loss of £46, and this causing some criticism, the chairman, Dr. Watts, wrote explaining his position.

'When the Cobden Company was first started, I was much urged to join in it, and declined, partly because I thought it dearly bought, but principally because I wished to keep clear of concerns which were, to my thinking, more co-operative in name than in reality. . . . When, in 1873, I was called upon by some of my present colleagues and shown the list of shareholders, most of whom had invested their money because they

<sup>1</sup> *Co-operative News*, vol. iii. p. 409.

<sup>3</sup> *Ibid.*, vol. iv. p. 256, and vol. v. p. 208.

<sup>2</sup> *Ibid.*, vol. iv. p. 68.

<sup>4</sup> *Ibid.*, vol. vi. p. 529.

were persuaded that it was the beginning of co-operative production, . . . I could not resist the request to assist at re-organization. . . . I have pledged myself to remain in the company, if the shareholders will have me, until the whole of the loss is written off<sup>1</sup>.

In December, 1876, the welcome announcement was made that 'The Cobden Mills Company has at length succeeded in extricating itself from debt, and in making profit for the shareholders. The new directors will deserve a testimonial when they begin to pay a reasonable dividend.' The last quarter of the year (1876) realized a profit of £322, and a dividend at the rate of 5 % per ann. was declared<sup>2</sup>. This was the first dividend that had really been earned, and it was the last that was paid. Misfortune once again claimed the company as its own. Losses began to be made, and, after some fluctuation, the balance on the wrong side amounted in 1882 to £4,150. Lightning and floods, at the beginning of the year, had helped to make this to the extent of some £2,000. The total payments on account of buildings and fixed stock amounted to £43,825, but the depreciation left the balance in the accounts at £28,430. The chairman now expressed the opinion that 'we never shall pay a dividend unless by some means the cost of carriage to and from Whalley can be reduced, for that item handicaps us to the extent of about £1,000 a year. . . . Our distance from the market also gives us less choice of work-people<sup>3</sup>.'

In April, 1855, being 'hampered for capital to carry on its business through repeated losses,' a notice was posted 'stating that the works would be closed at the expiration of fourteen days. . . . The work-people thereupon conferred together, and by a unanimous vote agreed to forego' eight weeks' wages during the next twelve months to the amount of £2,000. The Rochdale Pioneers, who at that time had

<sup>1</sup> *Co-operative News*, vol. vi. p. 540.

<sup>2</sup> *Ibid.*, vol. vii. p. 652, and vol. xiii. p. 566.

<sup>3</sup> *Ibid.*, vol. xiii. pp. 566, 582.

a mortgage of £10,000 on the mill, also agreed to help by remitting the interest on their loan for two years<sup>1</sup>. A copy of the articles of association shows that in June the 25,471 £1 shares were reduced by special meetings to one-fourth of their nominal value, making the liability for share capital only £6,485 5s. Upon this being done, new shares to the value of £1,500 were 'taken up by the inhabitants of Sabden and the vicinity'; and the intention to wind up the company was abandoned<sup>2</sup>.

On December 30, 1887, a fire burned down the main building. The loss was covered by insurance<sup>3</sup>. This portion was not rebuilt, and the weaving department only was kept going. The first mortgage was repaid, and the Wholesale Society became the sole mortgagee. In consequence of their asking for repayment, and the retirement of the manager, a meeting was called in August, 1888, to consider the advisability of winding up<sup>4</sup>. Efforts were made to persuade some ordinary creditors not to force on a compulsory liquidation, and on September 8 a third adjourned meeting finally decided to wind up. At this meeting Mr. T. Y. Nuttall (auditor), of Darwen, made a special report stating that 'items in the balance sheet had been seriously falsified to the extent of £1,000 in March, and £700 or £800 in June, making £1,800 altogether<sup>5</sup>.' The whole of the shareholders' capital was lost, and the Wholesale Society had to write off a loss of £472 in its accounts for June, 1889. A letter written to me in November, 1889, by one who took an active part in the liquidation, said, 'The final meeting of creditors is now fixed for Friday, November 29, 1889, when what was once the bright hope of some of our friends will be for ever extinguished.'

In 1867, Mr. William Nuttall prepared a list of eight cotton companies that had survived the cotton famine, and

<sup>1</sup> *Co-operative News*, vol. xvi. pp. 332, 428.

<sup>2</sup> *Ibid.*, vol. xvi. p. 338.

<sup>3</sup> *Ibid.*, vol. xix. p. 11.

<sup>4</sup> *Ibid.*, vol. xix. p. 855.

<sup>5</sup> *Burnley Express*, September 12, 1888.



were doing well. This list did not embrace all the existing companies, but it included some of the most successful and the best known. Mr. Nuttall's object was to impress on Mr. Disraeli the injustice of not giving co-operators the franchise, though he proposed to give, as one of the 'fancy franchises,' a vote to everybody with £30 invested in the savings banks. These eight mills showed the following results for the half-year ending December 31, 1886:—Total share capital, £365,121; loan capital, £146,495; interest paid on loans during the half-year, £2,790; value of mills and machinery, after writing off depreciation, £352,026; reserve fund, £14,022; sales for the half-year, £465,397; wages paid during the half-year, £52,805; and net profits realized for the half-year, £52,445. The dividends declared ranged from 13% to 53%, and the average for the whole was  $23\frac{3}{4}\%$ <sup>1</sup>. I have traced about twelve other companies that were started before the cotton famine, and are still in existence, and there may be some more. Three of these are at Haslingden, viz.:—(1) The Hargreaves-street Manufacturing Company, (2) the Haslingdon Commercial Company, and (3) the Laneside Industrial. I have the authority of Mr. Henry Ashworth for the age of the first two, and a copy of the articles of association of the third company says that it was registered on March 22, 1860. The two latter companies are included in Dr. Watts' list in 1860, but not the former. At the request of Mr. John Lord, Mr. Ashworth sent me in February 1890, a statement concerning the then existing working-class company enterprises at Haslingden, in which he told me that these three companies

'are owned almost exclusively by people of the operative class. Only in a very few instances are any shares held by any persons of independent means, and, speaking generally, the shares of these companies are held by people who earn their living by weaving, or by other work in connexion and incidental to manufacturing.' He added, 'Of course you must allow for exceptions.'

<sup>1</sup> *Co-operator*, vol. vii. pp. 309, 310.

A fourth company to which the same statement applies is the Baxenden Industrial Manufacturing Company, which was registered in April, 1875.

Mr. Ashworth continued :

‘The directors of the four companies are all of the operative class, such as overlookers, weavers, clothlookers, mechanics, &c., but do not work at the place at which they may be a director. The only interest that they represent on the board of directors is the capital invested. The work-people of these companies are not necessarily shareholders, although, as a matter of fact, many of them are so ; but this does not affect their liability to be discharged at any time, provided the work which they do is not satisfactory. They are treated by the manager as if they had no interest whatever in the place. Absolute power, so far as the work-people are concerned, is placed in the manager’s hands, and he is expected to produce a satisfactory financial result at the end of the half-year.

‘The directors meet once every week, at which meeting the manager reports the state of the cloth and yarn markets, and any other matter which is of interest to the company ; but I understand that, as a rule, where a competent manager is in position, his suggestions for conducting the business of the company are seldom questioned. The accounts are made up every six months, and a general meeting of shareholders is held within a month of the time of making up the accounts. If the six months’ working has been satisfactory, the meeting, as a rule, is very orderly and peaceful ; if, however, the working has been unsatisfactory, the directors and manager have a rough time of it. There is a rivalry between the companies in our district, which is very stimulating. All the four are engaged in making much the same class of goods, and you will readily see that, given even conditions so far as capital and machinery go, it is then a question of good judgment and ability as to which makes the most profit for the shareholders.

‘The weavers are paid piece wages according to a standard list prepared by the Weavers’ Association, which, I believe, is now a powerful organization. The list is accepted by masters and work-people as a standard ; and I am informed that the operatives look after this matter very keenly. Since the school-master has been abroad, not a few of the weavers, when a new kind of work is put into the looms, can calculate from certain data what the price is to be. In case of a doubt, the matter

is referred to the local secretary, and, as a rule, it is amicably settled.

‘These companies were formed with the distinct idea of making money, and in the case of Nos. 1 and 2 they have been very successful. In fact, the position of these two companies is almost if not altogether unique in the history of cotton manufacture by limited companies. They were in existence during the great cotton famine, and owned between 300 and 400 looms each. During that time no profits were made, and the value of a £10 share was very low, being sold in some instances at £2 per share. With better times an improvement took place, and during the last twenty years each of these companies has built up a reserve fund equal to the original share capital, out of which each shareholder was allotted one share for every share he was then holding. This was in addition to paying substantial dividends to the shareholders during the time that the reserve funds were accumulating. I have no means of ascertaining the average dividend paid, but I know that a dividend as high as 15 % has been declared; very often it has been 10 %; and very seldom has it been less than 5 %. The present market value of shares in No. 1 is between £15 and £16 per share, and this is equal to over £30 per share on the original £10 share.

‘No. 3 company has not been very successful. It is now a good many years since it declared a dividend, but we have hopes now that, with improved management, it will see better times. No. 4 company has been fairly successful. Commencing with 300 looms, it now owns 547, and has 620 looms on lease, making a total of 1,167 looms at work. The average dividend paid since the commencement is over 5 % per annum.’

Mr. Ashworth mentioned a fifth company, which, he stated, ‘was started by capitalists as a speculation, and has never done much good. It has been twice in liquidation, and is now leased to a manufacturer for a term of years.’ As he said it ‘never has been a working man’s company,’ I pass it by.

Mr. Ashworth continued :

‘Now, as regards distributive societies being interested in these companies, our society holds shares in Nos. 3 and 4 amounting to £467, and mortgage and ordinary loans amounting

to £3,830; and we are joint mortgagees of No. 5, our share being £1,000. I have enclosed herewith the articles of association of two of our companies, from which you will see the mode of voting, which is the plan generally adopted.' These articles provide for one man one vote. 'I may say that it is rather a curious coincidence that the profits paid by our distributive society during the past twenty years almost amount to the combined capital of the companies in Haslingden; and while I have been writing, a thought has suggested itself to my mind as to what extent our distributive society at Haslingden has been instrumental, without an effort, so to speak, in building up these commercial undertakings. In conclusion, I may say that we are proud of the working men of Haslingden, and we have only to point to the results of the several undertakings to prove that, given proper conditions, the working classes are able to guide, supervise, and bring to successful issues works raised by their combined capital.'

The tabular statement supplied by Mr. Ashworth showed that the four companies have a total of £54,850 share capital, of loans £35,336, and of reserve funds £8,395. They work a total of 5,076 looms. The balance sheets for the last half of 1889 showed that Hargreaves-street made a profit of £629, and paid a dividend at the rate of  $7\frac{1}{2}$  % per ann. Haslingden Commercial made a profit of £194, and declared a dividend at the rate of  $2\frac{1}{2}$  % per ann. Laneside made a profit of £52, but had to place this to reduction of loss account; and Baxenden made a loss of £163, but declared a dividend at the rate of 5 % per ann. out of the unapplied balance of the previous half-year. This did not affect the reserve fund, and the four companies, after paying their dividends, had surpluses to credit of profit and loss account amounting to £1,134 in addition to their reserve funds. The Hargreaves-street Company's buildings and machinery have cost a total of £30,439, but they have been written down by depreciation to £15,429. The Laneside Company's total cost of buildings and machinery is £34,138, and this has been written down to £16,722. The Haslingden Commercial Company does not show these details, but the Baxenden Company does. The total cost of its buildings

and machinery is £17,239, the depreciation is £6,114, leaving the balance in the assets at £11,125. The total sales of the four companies for the last six months of 1889 were £211,500.

There are three companies at Bury that were started before the cotton famine. The Bury and Heap Commercial Company was formed in 1852, in the days of the Redemption Society<sup>1</sup>. It was re-registered in 1859. Mr. John Rowlinson, of Bury, writing an account in 1860 of a lecturing tour he had made to Hindley, Wigan, and other places, to stimulate co-operative manufacturing, said the Commercial Company has 'now a fine mill filled with all sorts of machinery, and is doing well<sup>2</sup>.' Its balance sheet for December 31, 1889, shows that it has two mills, and makes both yarn and cloth. Its sales for the half-year were £50,983. Its share capital is £37,500, and its loans are £13,570. There was a loss on the half-year of £253. In the previous half the profit was £1,141, and a dividend of 5 % per ann. was declared, carrying forward a balance of £420. The buildings and machinery have cost a total of £76,648, and the total depreciation, after providing for renewals, which, in this instance, are deducted from depreciation, is £39,715, leaving the amount at which the concern is taken in the assets at £36,933.

Through Mr. Killon, who has supplied me with considerable information, Mr. Boothman (secretary of the Bury Co-operative Manufacturing Company) has sent me a sketch of its history. It was incorporated in April, 1860.

'It had its origination with the members of the Bury Co-operative Provision Society, and the first meetings were held in the meeting-room of this society. Though the shareholders were very largely members of the society, they were not confined to them. Building operations were commenced shortly after it was registered. When the mill had been built and was ready for the machinery, the cotton famine, caused by the American War, was in full operation, so that spinning did not begin until

<sup>1</sup> *Co-operator*, vol. i. p. 23.

<sup>2</sup> *Ibid.*, vol. i. p. 22.

1865. Then they began with one preparation, and got in other machinery as they were able. Weaving was begun in 1876, and additional looms have been put in until they now number 1,030, and there are about 33,000 spindles. There have been periods that were fairly remunerative, and there have been times of depression and loss, but taken over the past twenty years, it will have averaged a dividend to the shareholders of from 4 to 5 % per ann. They are manufacturers and spinners, engaged in the making of shirtings and T cloths, and employ at the present time upwards of 600 hands.'

Among those who signed the articles of association was Mr. Robert Austin, the late general secretary of the Amalgamated Engineers' Society.

The balance sheet for January, 1890, showed that the directors, with one exception, worked for their livelihood. The chairman is a block printer. The shares are £5 each, and the paid-up amount is £31,847. The loan capital is £16,882. The sales for the half-year were £48,335, and there was a loss of £805, 'caused by the cotton corner and change of the make of cloth.' But a dividend at the rate of 5 % per ann. was declared, as, after paying a dividend the previous half-year at the rate of 10 %, there had been enough surplus to the credit of the profit and loss account to do so, as well as write off the loss, and still leave a balance of £205. The total outlay on buildings and machinery has been £82,585, of which £43,674 has been written off, leaving a balance to assets' account of £38,910.

The statistics for the Bury and Elton Commercial Company, which was registered in February, 1860, are: Share capital, £42,000; loans, £15,460; sales for the last half of 1889, £69,209; profit on the half-year, £903; and a dividend declared at the rate of 4 % per ann. on one class of shares, and at the rate of 6 % on the other class. The total outlay on buildings and machinery has been £74,762, and the total depreciation is £32,283, leaving the nominal value at £42,479.

There are two other companies in Bury. One was formed in 1874, and the other about the same time. One of them

paid dividends last year amounting to  $4\frac{1}{2}\%$ . The other was handicapped at the end of 1889 with an accumulated balance on the wrong side amounting to £3,694. The combined figures of these companies are: Share capital, £101,311; loans, £43,363; outlay on buildings and machinery, £170,503; amount written off by depreciation, less renewals by one company, £74,247; leaving the net amount taken as assets at £96,256. The sales for the last half of 1889 were £92,853. Spinning and weaving are undertaken by both companies.

The Bury Co-operative Provision Society has £32,217 invested in four of these companies. The one-man-one-vote system prevails in four out of the five companies. Mr. Killon has informed me that 'the opinion of men intimately connected with the companies is that the shares are getting into fewer hands.' He also has informed me that 'there is a peculiar circumstance connected with one mill. The under-manager was elected by the shareholders as a director. He is not, however, allowed to sit, the reason assigned being that as he is employed by the company, it would not be wise for him to also act as a director.'

A writer in the *Rochdale Observer* has stated that there are three companies in the Whitworth Valley 'that date from the early '60's, having been called into being, no doubt, by the famous and phenomenal dividends earned by the New Bacup and Wardle Company. . . . Shortly after this had commenced working, the famine came with its paralysis of all industry in the cotton trade. The years following that terrible period brought great prosperity with them, and the climax was reached about twenty years ago.' The first was the Shawforth Company. It started in 1861, and began work about two years later. It is said that it 'has suffered keenly during the past fifteen years, but is now righting itself, and has paid dividends every half-year but one during the past four years.' The Millgate and Facit Company 'commenced working in 1863, and in the first half of its career made some big dividends.' Like its rivals, it suffered

most keenly during the fifteen years ending 1889, 'and in the autumn of 1884 it was on the verge of extinction.' Since then the company has steadily improved, the adverse balance has been cleared off, and for about four years up to Midsummer 1890, 'fairly good dividends have been paid.' The Whitworth Company is 'one of the largest concerns in the valley, employing 400 hands, and running 651 looms and 28,000 spindles.' It began about the same time as the Millgate Company. For the five years 1886-90 'the average dividend has been rather over 7 % . . . Mr. John Hoyle, the present manager, has acted in that capacity during the whole of the time the concern has been running.' The combined figures of the three companies for the twelve months ending March, 1890, are: Share capital, £81,051; loans, £50,088; depreciation to date, £112,498; present value of buildings and machinery, £121,891; interest paid on loans, £1,805; dividends paid on shares, £3,698; number of employes, 1,140; number of looms, 1,695; and number of spindles, 69,248. 'On the whole it may be said that all the three companies have done very well indeed, and the average dividend paid by each over the whole period of existence has been a respectable one.'

There are two other companies in the Whitworth Valley. One of them, the Moss Side, is, like the three mentioned above, devoted to spinning and calico weaving. The other is a fustian manufacturing company. The former was started in 1875, and has had an unfortunate life. There was, in the middle of 1890, an adverse balance of £674.

Ring-spinning has been introduced, and the new flat cards are being gradually adopted.' The share capital is £14,000; loans, £7,273; number of employes, 220; number of looms, 300; and number of spindles, 12,000. The fustian company at Broadley Wood has done well. 'No company in the district has paid better or more regular dividends.' For the ten years up to June 1890, it has averaged  $8\frac{3}{4}$  %, and a dividend has been paid every half-year during that period. 'The mill is an old, queerly-shaped building, but it



is rented by the company on very favourable terms.<sup>1</sup> The share capital is £8,000, and the loans are £5,675; there is a reserve of £450. Depreciation has been allowed to the amount of £11,169, and the machinery stands at £10,766<sup>1</sup>.

In the same district as Broadley Wood are three other fustian manufacturing companies. One is over twenty years old. The second was started in 1874, and the third was started by some members of the Bagslate Co-operative Society in 1887. Latterly no balance sheets have been printed by one of these companies, and it has refused information to some inquirers. During the ten years ending June, 1890, 'the fustian market has been glutted, and trade has been bad.' The statistics of the other two companies at the same date showed: Shares, £19,531; and loans, £25,201. The older one has averaged a dividend of  $8\frac{3}{4}\%$  per ann. The shares are 'largely held by the work-people of the district.' The younger company's shed 'has been running nearly two years, but owing to the bad state of trade' it has not yet paid a dividend. 'The other object which the promoters had in view, that of employing more labour, has been attained'.<sup>2</sup>

By the kindness of Mr. Heyworth, of Rawtenstall, and Mr. Horrocks, of Stacksteads, I have obtained a few details up to June, 1890, of several other old-standing companies that were included in Dr. Watts' celebrated 1860 list. Of the Newchurch Company it is said 'its course was fairly good up to about 1877, when the bad state of the cotton trade caused it to get over £10,000 on the wrong side of the sheet. The loanholders then made a run on the company, so they issued preference shares for 15 years at 10%. This enabled them to tide over the occasion, and since then they have managed to pay  $7\frac{1}{2}\%$  years of the 11 years' preference interest, but they have not succeeded in reducing the adverse balance. They are doing better now, and it is *reported* that for the last six months they will have a profit of some £2,000.' In consequence of a question about the

<sup>1</sup> *Rochdale Observer*, July 19, 1890.

<sup>2</sup> *Ibid.*, July 5, 1890.

legality of the preference share issue, the company decided, on July 30, 1890, to liquidate voluntarily and reconstitute itself, so as to put matters on a sound footing. In 1867 it made profits equal to 26 % per ann.<sup>1</sup> Of the Rossendale Industrial Company it is said that it has 'had a rather chequered career.' It was started in 1854, and too much money was paid for it. 'It has built another mill near where the river Irwell takes its rise. Some little time since they reduced their shares from £10 each to £5 each; and for about three quarters now the company has paid a 4 % dividend on this reduced value.' Of the Rossendale Cotton Spinning and Manufacturing Company, it is said that it has 'had a successful career, especially in its earlier history. It had a heavy debit balance in 1878-9, and for some time afterwards. This . . . has all been cleared off without any depreciation of shares, and the company is now in a good financial position, paying a fair dividend regularly.' The following are the combined statistics of five companies, including the three already mentioned, and two others, viz. the Rawtenstall and the Higher Mill. The share capital is £190,341; the loans are £91,256; the value of buildings and machinery is £238,684; there is a balance of accumulated loss in one company of £11,926; and a balance of profit in the other four of £1,750, of which only £804 had been made in the quarter.

Mr. John Lord has told me that at the beginning of 1890, there were several distributive societies with 'mills on their hands.' He has also named a few failures—

'The Roegreen Manufacturing Company, started by the Oswaldtwistle Weavers' Union, came to grief by bad management; the Huncoats Spinning and Manufacturing Company did the same; and the original Broad Oak Manufacturing Company also came to grief through sheer bad management. The Accrington Society lost £200 in each of the two former companies.'

The *Economist* for 1887 and 1888 contained repeated references to a number of East Lancashire spinning and

<sup>1</sup> *Co-operator*, vol. vii. p. 310.

weaving companies, the profits of which were, at that period, very good ; but while the details already given will afford a fair idea of the extent of ~~working~~-class joint-stock manufacturing in East Lancashire, it is not possible for me to **gather together** complete and exhaustive statistics.

Although Oldham was not the first in the field, it undoubtedly now takes the lead in cotton company enterprise. The pioneer was the Sun Mill Company, and, with all the fondness of a father, Mr. Wm. Marcroft has written 'its commercial and social history.' From this history I have made the following extracts and summaries. The company was registered under the name of the Oldham Building and Manufacturing Company Limited on January 30, 1858. In December, 1866, the name was changed to the Sun Mill Company Limited. The capital was to be £5,000 in £1 shares. The shares were to be called up at the rate of 3*d.* per week, and this 'was thought at the time to be a very great sum for a labouring man to be able to contribute.' The directors were to be paid for their services 6*d.* each per week, 'and a fine of 4*d.* was imposed' for absence. The 'committee room was an attic on the third story of an old building belonging to the Oldham Industrial Society,' of which society the promoters were members. The first board of directors were James Lees (president), John Cheetam, Edward Barlow, James Lord, John Wild, William Kenworthy, James Johnson, Henry Hewkin, and John Booth (secretary). The committee room was 'a curious place. The centre beam would not be above 7 feet high, and the dimensions were about 9 feet by 12. In it there was a small table, on which was generally a lighted candle, the stand for which was a potato with a hole in it.' When about £1,000 was collected, they decided to start weaving, as the cost of spinning machinery was beyond their means. A shed 'was secured, and about 80 looms were started.' These early operations resulted in a loss of £1,000 and an unsaleable stock to the amount of another £2,000. These losses were 'consolidated as fixed stock.'

A local trade was cultivated, and the next quarter showed a profit of  $7\frac{1}{2}\%$ . The succeeding quarter, however, showed a loss. It was then decided to increase the value of the shares to £5 each, and the total capital to £20,000.

‘As soon as one difficulty was removed another presented itself. The work-people belonging to the families of the directors began to claim privileges over the **work-people** who were not shareholders, such as only to work the best qualities of weft.’ This led to a resolution being passed by the shareholders, ‘That a shareholder, while he is a director, shall not have his wife, father, sister, or brother, sister’s or brother’s children, or brother or sister-in-law, employed by the company.’ \*

There was now some talk of winding-up the company, as there was no prospect of making profits. However the board amicably resigned, and a new one, including Mr. Marcroft, was elected. Mr. Henry Hewkin was made chairman. The new directors paid a visit to Rochdale, and inspected ‘the mill then in course of erection for the Mitchell Hey Company.’ Meeting with Mr. Ashworth (the manager of the Pioneers), he asked their opinion. They replied that ‘It is certainly a great undertaking, but we can exceed a construction like this.’ ‘I should like to see it,’ said Samuel Ashworth. ‘You little know the difficulty of finding the money, and getting together an arrangement such as we have now almost completed.’ ‘We in Oldham,’ replied William Marcroft, ‘have a more intelligent population, which receives a larger amount of weekly wages than you have in Rochdale, and such people only want organizing to produce greater results, and I’ll assure you the Oldham men you have before you to-day are equal to the task.’

On their return they set to work in good earnest to redeem their boast. A plot of land near to Werneth railway station was taken on a 999 years’ lease, and in February, 1861, the erection of the mill was begun. On May 4, 1861, Dr. John Watts laid the corner-stone. ‘The whole of the proceedings were marked with great en-

thusiasm.' There was a procession of shareholders and friends from the King-street store to the site of the mill, headed by the Oldham Borough Band. 'Mr. Marcroft carried the silver trowel naked in his hands, lifted up to his breast, and Mr. Robert Ellis carried the mallet.' In a most eloquent address Dr. Watts, speaking of the capital and labour problem, said :

'The stone on which he then stood was the keystone to a solution of the difficulty. He looked upon the work in which the company was engaged as the setting up of a trade barometer, to indicate the real pressure on the labour market at any time. He did not expect for many years to come to find all working men their own masters, but by the wages given in the co-operative mill they would be able to judge as to the amount of wages that ought to be paid at any other place at the same time ; and just as the engineer looked at the steam gauge to see if all was right or wrong, so would people look at the co-operative mill to see if they were done justice to or not. . . . Look around and see the immense masses of wealth this great town possessed. Where did it come from ? Who were the great men of the day ? They or their fathers were once working men. That which was possible to them might not be possible to everyone of those he addressed ; . . . but it was possible for them to secure a comfortable competency for old age. . . . The building, the corner-stone of which had been laid that day, was to cost £25,000, without machinery. He was told that there were 500 subscribers, all working men. . . . He saw in it an incitement to providence and consideration that could not be estimated at so much per cent. He would say one word to those who might be employed in the mill. They should remember that, although a shareholder, each would have to be subject to a manager as much as if he had not a farthing in the place. All work must be done under the direction of the manager for the time being ; there must be one hand, one eye, and one mind. The proper place to complain of a bad manager was to the directors. It was to their interest that the place should be well managed, for if the men did not work heartily, their work would not realize the market value. . . . There was no doubt but the produce of co-operators would command the first place in the market.'

By 1866, this prophecy was fulfilled. The company 'had the fame of making the best 32's yarn on the Manchester

market,' and the remark would often be made to a seller by a purchaser, 'Will you guarantee the quality to be equal to S. M. C.'s?' this being the brand of the Sun Mill Company.

But before this time came there were many struggles and heartaches. Enormous exertions were made to raise capital; meetings, tea parties, and even balls were pressed into service to make the company known, trusted, and popular. It was decided, with very few dissentients, that 'All share and loan capital should bear 5 % interest until the Sun Mill began to spin cotton yarn, such interest to be added to the cost of fixed stock.' Contribution books were specially prepared, containing mottoes and maxims, such as—'Prepare for a rainy day;' 'It is as pleasant to save as to spend;' 'Preserve and be patient;' and 'Who will join this all-redeeming plan?'

'In those days, moustaches and beards were not so prevalent as now, and the directors, as well as some of the most active shareholders, resorted to the barbers' shops rather more frequently than was necessary for shaving purposes, in order to raise conversations on the many advantages of becoming shareholders in the company. William Marcroft took upon himself to visit Ashton, Dukinfield, and Stalybridge, and left a sheet of rules at every cookshop, barber's shop, and temperance hotel in those places. He likewise induced several persons in the markets of those towns to put copies on their stalls. Some shareholders persuaded a number of the Oldham beerhouse keepers to put copies in their tap-rooms. . . . At the week-ends, some shareholders would pocket a number of prospectuses, and take walks as far as Royton, Hollinwood, Shaw, Lees, Saddleworth, and Middleton. Shareholders' wives also did good service to the company by distributing prospectuses to the farmers who brought them milk, and to other persons who offered goods for sale. The women, indeed, were as active in the cause as the men;' and some 'became known as cotton factory masters' wives. . . . It was a frequent custom for a few of the directors and shareholders to wait on a Saturday night to ascertain the amount of the week's receipts. If the sum was large, these knowing ones went up to Oldham and whispered in the ear of every shareholder they met the net sum collected; but if only a small amount had been paid in, the same knowing

persons might have been seen, it is alleged, walking in the neighbourhood of a cotton mill reservoir, calculating the consequences of a sudden plunge into the water. . . . Much money that would otherwise have been spent in finery at Whitsuntide and Wakes time, was saved and invested. . . . Many old men and women brought scores of pounds, long hoarded up in drawers and boxes, to be invested in the company. So seldom, however, were sovereigns tendered for investment, that the secretary adopted a plan of booking the money he received in the shillings and pence columns only of his ledger.'

A number of sick clubs and friendly societies also invested some of their accumulated funds as loans.

'Visitors came from all parts to look at the now noted Sun Mill. . . . Ambition was aroused in the minds of other aspiring men, . . . and an attempt was made to form another Oldham company. The Royton people called a meeting, also to form a company; and the people of Mossley, too, agreed to start one.' As these projects caused the shares of the Sun Mill to be taken up less freely, 'the directors agreed that some measures must be adopted to stop these projected companies from proceeding.' Mr. Marcroft, who had been appointed clerk of works, 'volunteered to go to Royton and Mossley, and Mr. John Cheetham agreed to visit the promoters of the new Oldham Company.' They urged that there was not sufficient money in the district for all of them, and to start so many would be to cause the failure of all. But if they all supported one, then when they had made it a success, the others could be taken in hand one after the other. At Royton, they agreed to these suggestions, paid their expenses, and left a balance of 12s. 6d. 'in the hands of Mr. George Holden to be a nest egg with which to commence a company at some future time. It remained in his hands about ten years, after which the noted Royton Spinning Company commenced by the first use of the said fund.' At Mossley Mr. Marcroft was unsuccessful. The building of the mill was completed, 'but the shareholders were never able to fill it with machinery, and it had to be sold at a great sacrifice.'

Mr. Cheetham was successful with the Oldham group. They abandoned their project, and several of the projectors became shareholders in the Sun Mill Company.

On August 23, 1862, matters had progressed so far that the company had a formal and ceremonious starting and christening of the engines. One was 'called Industry, and the other was called Perseverance.'

'In the last quarter of 1862, Messrs. Platt Brothers began to deliver machinery at the Sun Mill. The machinery furnishings had to be provided, which cost a surprising amount of money, and the bank balance of the company went smaller day by day. . . . The company opened an office in Union-street, in December, 1862, and Mr. Edward Ingham was induced to reside in the house to lessen the cost of office expenses. . . . A signboard was put up expressing that the company was prepared to receive sums of money as low as 1s., interest 5 %, and money withdrawable at will, without notice. This announcement told its tale. Money by scores of pounds, yea, even by hundreds of pounds, was withdrawn from the savings bank, and at once invested in the Sun Mill Company. . . . There was such a run for money on the savings bank that it never recovered the shock, and in a few years . . . it closed its business, and became a thing of the past. . . . Plenty of money increased the confidence of tradesmen, and several offered to sell their goods, and accept payment in shares. Hence the water-heating apparatus was paid in shares.'

'The time had now arrived for the company to engage its operatives. . . . There was a difference of opinion on the board of directors . . . as to whether the company should employ only its shareholders, or also work-people who held no shares at all. . . . One party argued that the manager . . . should engage whoever he thought best, irrespective of their being shareholders. Another party defended the principle of first employing the shareholders in preference to any other persons. . . . It was agreed to refer the matter to a general meeting, when the resolution was carried that shareholders and their families be the first persons employed by the company. This was the law, but the administrators of it disregarded the voices of the shareholders, and the orders of the directors. Then came the tug of war.'

In this tug, Mr. Marcroft was dismissed, ostensibly



because there was no longer any need for his services. He was then acting as treasurer. He was, however, under the impression that it was in consequence of having strenuously advocated the claims of the shareholders to employment. He was elected as a director at the May (1863) meeting. The balance sheet for March, 1863, was the first after they had commenced spinning. The paid-up share capital was now £29,481, and the loans were £8,333. There was a balance to the debit of profit and loss account of £1,468; and the profit on the quarter's working, after paying loan interest, was £322. The value of fixed stock and machinery was £30,990, and there were also 18,000 spindles in the mill unpaid for. There were 80 looms. These were worked for a few years at a loss, and then cleared out. Since then the mill has been exclusively occupied in spinning.

In February, 1864, the company paid its first dividend, at the rate of  $7\frac{1}{2}$  % per ann. The manager's salary was raised 'to £3 per week.' He was also allowed 4s. per day when he went to Manchester, and 10s. per day when visiting Liverpool, so that he 'could dine in full style with the customers.' He was further allowed to travel second class, so as 'to give him a respectable commercial position.' This caused offence to some shareholders, who thought that if third class was good enough for them, it ought to be for 'their work-people.' Said one, 'If this be co-operation, I have done; they are the same flesh and blood as one's self, why should there be any distinction?' Before the end of the year the manager received a further advance to £4 a week, as the directors were afraid of his leaving.

Owing to bad trade and bad debts, the company showed a balance of loss of £11,063 on their working for the quarter ending September, 1865. At the latter end of the year, the mill was put on short time, and only worked when orders had been first obtained. The manager was also changed, and a reorganization of the duties of the principal employés was effected. By December, 1866, this heavy balance was cleared off, and a dividend of 5s. per £5 share

was declared. The share capital was now £49,044, and the loans amounted to £46,177. The shareholders were so pleased with their success that they decided to build a wing to the mill, about fourteen yards long. It was to hold 14,000 spindles, making a total of '84,000 mule spindles and 6,000 twiner spindles.' A second mill was built about 1873, and it increased the working capacity to 140,000 spindles<sup>1</sup>.

In December, 1873, a statement was published showing the results of the working of Sun Mill from the beginning of 1863 to the end of September, 1873. In this period there had been an interval of  $2\frac{1}{2}$  years when there were no dividends. For the other  $8\frac{1}{4}$  years' dividends had been declared, varying in amount from 4 % in 1869 to 40 % in 1871. Taking an average for the whole  $10\frac{3}{4}$  years, the dividends paid equalled  $12\frac{1}{2}$  % per ann.<sup>2</sup> In the three years, 1870-2, the total dividends paid amounted to £37,620, on a paid-up share capital of £50,000; and while the wages paid in 1871, to about 400 employes, were £14,937, or £37 7s. per head, the profits for that year were £17,220, or £43 per head<sup>3</sup>.

In 1869, a bonus or profit-sharing system was adopted for the principal employes of the Sun Mill Company. It was stated that the wages of two of them had risen to £6 a week each, and the treasurer's to £4 a week. Under this system no person was to receive more than £4 a week; but, after 7 % was paid on share capital, the principal employes were to receive 1s. in the pound of wages as bonus for the first 1 % paid to shares over 7 %. For the second 1 % they received 1s. 6d., for the third 2s., for the fourth 2s. 6d., and when 12 % or more was paid on share capital, their total bonus was made up to 10s. in the pound on wages. 'After twelve months' experience, the working of the bonus system' became very unsatisfactory to the share-

<sup>1</sup> Marcroft, *History of Sun Mill*.

<sup>2</sup> *Co-operative News*, vol. iii, p. 615.

<sup>3</sup> *Ibid.*, vol. ii. pp. 17, 610.

holders,' and another plan was adopted. The new system provided

'that when the company had paid 10 % (per ann.) for any one quarter, and if any additional dividend was paid to the shareholders, the board of directors, the manager and the salesmen should have bonuses of  $2\frac{1}{2}$  % for every 1 % paid to share capital, and that the engineers, carders and spinning masters should have bonuses of  $1\frac{1}{4}$  % <sup>1</sup>.'

Mr. William Nuttall, writing in November, 1872, said :

'Profit to labour at this company has had three years' trial, during which time the six directors and less than half a dozen principal work-people have received £1,800 of bonus. . . . A cotton buyer, mill manager, carder, and spinning master, and board of directors, when paid a bonus in addition to wages, will manipulate a lower quality of cotton so as to command a higher price for the yarn than similar servants do in a private firm <sup>2</sup>.'

In 1875 the shareholders abolished the bonus,

'contending that the low dividends proved that the bonus was incapable of effecting the purpose for which it was intended. One argument used was, that if a bonus were paid it should be paid to every person employed by the company, according to the amount of wages received. . . . As the principal servants of the mill had been reduced in their wages as a set-off for the bonus, their wages were raised equal to the receipt of a bonus at the rate of a 20 % dividend <sup>3</sup>.'

The Oldham Twist Company, which possessed a 'turnover' spinning and weaving factory, and made serious losses until it abolished the weaving, threw out its old spinning machinery, and replaced it with new ; also adopted a bonus system to its principal servants about 1870, during the time that I was shareholders' auditor there. But it did not last long ; I think about two years. In 1882 it was stated that at the Central Mill, Oldham, 'the directors have made several attempts, but as yet in vain, to induce the shareholders to adopt

<sup>1</sup> Marcroft, *History of Sun Mill*, pp. 136, 139.

<sup>2</sup> *Co-operative News*, vol. ii. pp. 597, 621.

<sup>3</sup> Marcroft, *History of Sun Mill*, p. 189.

a system of paying bonus<sup>1</sup>. The last attempt to establish 'bonus' in Oldham was, I think, made by Mr. Marcroft, at the Sun Mill meeting, on March 13, 1880, when, on behalf of the directors, he moved a resolution that a system of bonus to labour be adopted, to include every employé. The chairman of the company said: 'The bonus to labour was meant to place every person in the company's employ on piece-work.' Several shareholders opposed the resolution, and 'urged that the workers had their unions to demand what wages should be, and companies and private masters had an association to determine the amount to be paid<sup>2</sup>.' The attempt failed.

The history of Sun Mill may now be merged into that of the Oldham Company movement generally. It was a huge effort, and the results of its successes were greater and quicker than had been foreseen by its most sanguine supporters. Since 1873 it has had both losses and profits. In August, 1890, its £5 shares were at about 35s. discount. This was probably due to its comparative want of success for several years previously. In 1886 and 1887 the Company paid no dividends. In 1888 it paid 4%, and in 1889 it paid 4 $\frac{3}{4}$ %. The paid-up share capital in 1890 was £75,000, and the loan capital was £46,795. In 1890 the Company paid a dividend of 8 $\frac{1}{4}$ %; but in 1891 it only paid 1 $\frac{1}{2}$ %; and in 1892 it not only paid no dividend but had an accumulated balance of losses amounting to £13,639. The market value of its shares at the end of 1892 was 22s. for a paid-up £5 share<sup>3</sup>.

The continued success of Sun Mill, with the tremendous profits made in 1870, set the Oldham district on fire. The Royton people started once more a company, the meetings being held in the board-room of the co-operative stores. The trustworthy holder of the 12s. 6d. balance from the previous company, Mr. George Holden, was appointed

<sup>1</sup> *Oldham Standard*, January 14, 1882.

<sup>2</sup> *Co-operative News*, vol. xi. p. 202.

<sup>3</sup> *Oldham Chronicle*, December 31, 1892.

chairman. No new mill had been erected in Royton for thirty years<sup>1</sup>. On July 22, 1871, Mr. Marcroft laid the foundation-stone. As at Sun Mill, this ceremony was accompanied by a procession and a brass band. The chairman said that they 'had chosen Mr. Marcroft to lay the corner-stone in recognition of the great services he had rendered to the co-operative movement.' In his address, Mr. Marcroft referred to the celerity with which the capital had been raised: 'Only three months had passed away since the present undertaking was spoken about, and now they had £30,000 of share capital taken up on the co-operative principle.' He then went on to point out the advantages of the profits of manufacturing being divided among all the people, saying, 'Only think that instead of one family having £5,000 a year, many families would have their comforts and happiness increased by sharing this large amount among them<sup>2</sup>.' The mill enjoyed great prosperity at the start, the profits of the first five quarters' workings enabling dividends to be declared at the rate of 33, 40, 45, 35, and 28 % per ann. respectively<sup>3</sup>. From then up to the present time it has continued to rank as one of the most successful mills that have been started. Royton was quickly followed by the Central Mill, Greenacres, and Green Lane Companies; and the following statement, written in September, 1871, will give an idea of the then state of things: 'No town in England has prospered equally to Oldham during the last twenty years. It has been estimated to possess at least six millions of spindles, a number equal to the whole of France and America a few years ago.' Referring to the companies in existence, or just starting, the writer said their total capital was £350,000, and 'the six distributive societies in the borough have £40,779 invested as loans and share capital in these companies<sup>4</sup>.'

The three years 1871-2-3 were very exceptional for the

<sup>1</sup> Marcroft, *History of Sun Mill*, p. 176.

<sup>2</sup> *Oldham Standard*, July 29, 1871.

<sup>3</sup> *Ibid.*, July 17, 1875.

<sup>4</sup> *Co-operative News*, vol. i. pp. 11, 41.

extraordinary profits made in cotton spinning. The fire of enterprise, which had been lighted by the success of Sun Mill, and fed by the additional success of the new companies, was fanned into a fierce flame by the desire to provide profitable investments for both the rapidly-accumulating profits and the steady increase of ordinary savings. A correspondence in the *Manchester Examiner* proved that for every 18s. paid in wages capital was receiving 20s., and it was held to 'clearly indicate that if working men are to obtain profits and wages they will have to do so by economizing their small savings and uniting for co-operative purposes. The figures clearly prove that labour is now the servant, if not the slave of capital, but, by judicious arrangement, it may make capital its servant<sup>1</sup>.' In this spirit company after company was formed; but, in addition, the professional promoter was generated. Persons of this class took advantage of the prevalent excitement, and many concerns were floated that in more quiet times would not have been given a moment's consideration by the ordinarily clear-headed Oldhamers.

A correspondent writing in July, 1874, said:

'In the Oldham district altogether there are now stated to be about 50 co-operative cotton manufacturing companies in existence. Of course all these have not commenced operations, as many of them are only of recent formation. None of these companies combine weaving with spinning. It has been attempted at Sun Mill, and also at the Oldham Twist Company, but only on a small scale, and in each case it was discontinued. . . . Close upon 20 of the companies are erecting new mills, of an average size capable of accommodating 50,000 spindles each. The cost of these mills, with new machinery, at the present rate of prices, will not be less, we assume, than 22s. 6d. a spindle. Some of the mills which have been purchased for conversion cannot be worked anything like so economically as the new mills. . . . It is estimated that there cannot be fewer than 10,000 shareholders in the various companies. Some of them, the United for instance, have 1,500 shareholders each.

<sup>1</sup> *Co-operative News*, vol. iii. p. 615.

. . . Three-fourths at least of the shareholders are bona fide working men, daily engaged in manual labour, and in receipt of weekly wages. . . . Hundreds of cases could be instanced in Oldham of working men, in the receipt of £1 to £1 10s. a week, who have their hundreds of pounds in these companies<sup>1</sup>.

Another correspondent, describing these shareholders, said :

‘Every class of trade is represented, from the little piccer, with his 10s. a week, to the banker, doctor and lawyer, including the competitive grocer, draper, butcher, cotton spinner, merchant, and the timid old woman with her stocking. . . . No trade is too mean or too respectable to be entered under the head of “Occupation” when applying for shares. . . . There is scarcely a policeman in the borough, or a member of the detective department, or of the fire brigade, but who holds more or less shares. . . . Their morning and evening prayers are “premium, dividend”; and their Sunday holidays are often spent in search, not of a creed, but of a site upon which a model mill may be erected, where water is plentiful, good clay at hand, and coal and a luggage station near to it<sup>2</sup>.’

The total share and loan capital of these companies exceeded £2,500,000; and it was claimed that the stores had been the means not only of supplying capital, both directly and indirectly, through the investment by members of their store dividends, but that they had ‘also been nurseries for the directors of the cotton companies<sup>3</sup>.’ A writer in the *Preston Guardian* further pointed out that

‘one useful service rendered by co-operative combinations of small capitalists is this—that in cases where the retirement from business of an individual manufacturer might lead to the suspension of extensive works, . . . a number of thrifty work-people upon the spot may secure the premises and machinery on favourable terms, . . . thus obtaining employment themselves, and preserving the locality from the injury of the stoppage<sup>4</sup>.’

There was a short lull after the excitement, and then

<sup>1</sup> *Co-operative News*, vol. v. p. 57.

<sup>2</sup> *Ibid.*, vol. v. p. 57.

<sup>3</sup> *Ibid.*, vol. iv. p. 133.

<sup>4</sup> *Ibid.*, vol. v. p. 88.

there was another fierce spell. In February, 1875, it was reported :

‘For the last twelve months, until the past few weeks, there has been a comparative quiet concerning the announcement of new companies. The prices of shares have had a falling tendency, and it was surmised that the movement had seen its most exciting days. But remarkably high dividends by three or four successful companies have again set the ball rolling. . . . The other day a new company was announced at Shaw, near Oldham, and the day after the announcement was made nearly 100 people from Oldham went by train to the scene. . . . They rushed out of the train, knocked the ticket collector on one side, and threw their tickets on the ground. They then marched up the street at double quick, but finding this pedestrian competition too slow, they set off in a run through the village, and besieged the secretary in his own house. The crowd was too great to be supplied at once, and application sheets were soon selling at 6*d.* and 1*s.* each. . . . Of course the shares are now selling at a premium. . . . Nearly 100 companies of different kinds have been formed in as many months, and the whole town is rapidly becoming one huge joint-stock concern. In the meantime, the latest suggested addition to the joint-stock family is a company with the benevolent object of buying up falling shares when the crisis comes.’

The report then gave a list of 25 new mills in course of erection, or about to be erected, with a total outlay of £1,400,000, and concluded by saying :

‘The working classes are getting rich in this prosperous state of things, and correspondingly independent in their manners. There is a hush upon politics, once so fiercely rife in the town. The three grand things—ecclesiastical, political, and social combined—are now divi.’s, premiums, and shares<sup>1</sup>.’

In July, 1875, the *Manchester Courier* said :

‘The fact that the floating of limited companies has been overdone is beginning to make itself seriously felt. Last night a crowded meeting of share dealers and brokers was held, when it was resolved to write to the directors of no less than 17 companies in Oldham and district, with mills in course of

<sup>1</sup> *Co-operative News*, vol. xii. p. 869.



erection, calling upon them to convene meetings of shareholders with a view to building operations being suspended until next spring<sup>1</sup>.

There were some 70 companies, and their subscribed share capital amounted to  $3\frac{3}{4}$  millions<sup>2</sup>. The calls that were being steadily made to pay for buildings and machinery, caused great distress among those who had speculated not with the idea of holding for investment, but of re-selling at a profit; and the value of shares went down rapidly. The steadily increasing number of mills at work kept up the demand for cotton and labour on the one hand, and flooded the market with yarn on the other; the consequence being that in the middle of 1877, when 'over 1,000,000 spindles, spinning medium counts,' had been added to the number that were running in 1875, it was recorded that the 'companies which were declaring, two years ago, dividends of 30 %, have now to admit adverse balances of £1,200 or £1,300 each<sup>3</sup>.' Writing in September, 1887, the *Manchester Examiner* said:

'It is doubtful whether the Oldham cotton trade has ever passed through such a crisis, even including the cotton famine, as that which is overtaking it at the present time. . . . Slowly, because poor people are unwilling to admit a censure on their own proceedings, the fact is dawning on the public mind that the extraordinary development of the staple trade of the town has overleaped the bounds of prudence. . . . Professional floaters have had their day, and left behind them a legacy which it is not pleasant to contemplate. . . . It has been calculated that the floating mania has produced about 3,000,000 spindles, and of this number 2,500,000 are, or will be, engaged on 32's, the great staple of Oldham. With the 2,500,000 spindles before engaged on this class of count, this will make a total of 5,000,000 spindles. In other words, 32's spinning will have increased in three years 100 %<sup>4</sup>.'

The same paper on another occasion, in 1877, remarked :

'Regarding the management of these companies, no great exception can be taken to it. Affairs are conducted with an

<sup>1</sup> *Co-operative News*, vol. xiii. p. 463.

<sup>2</sup> *Ibid.*, vol. vi. p. 91.

<sup>3</sup> *Ibid.*, vol. vi. p. 380.

<sup>4</sup> *Ibid.*, vol. viii. p. 167, 168.

amount of ability which has won the praise of outsiders, and with a display of economy which few private concerns can emulate. . . . Over-production is the disease, and people look wistfully for new markets beyond the Chinese wall or under the shadows of the Mountains of the Moon' for a remedy. It then went on to say: 'In no branch of industry has co-operation succeeded so well as in cotton mills; and a movement which some years ago was looked upon as ephemeral and ruinous in its consequences, must now be looked upon as a permanent and beneficial system, a system of which people feel proud, . . . because it is believed to be . . . the power that will break down social distinctions, and the agency that will propagate the principles of thrift and self-reliance<sup>1</sup>.'

It took about five years for matters to settle down to a normal condition. During this time only about one company was formed, but all the existing companies struggled through with more or less success. On several occasions the mills were worked short time, and in 1878, after a strike which cost the operatives £25,000, a reduction of 10 % in wages was effected<sup>2</sup>. A strike had previously taken place in the latter half of 1875, when the operatives secured 'the benefit of shorter hours according to the Short Time Act, viz. 4.4 %, without loss of wages<sup>3</sup>.' Dr. Watts estimated that 'up to 1880 not less than £280,000 of capital had been lost, and many of the companies had written down their nominal capital to enable themselves to pay dividends<sup>4</sup>.' The *Oldham Chronicle*, giving a summary of the working of 60 companies, reported that they were as follows: 1877, no profits; 1878, no profits; 1879, no profits; 1880, the profits equalled  $1\frac{1}{4}$  % on share capital; and in 1881, the profits equalled  $7\frac{1}{2}$  % on the share capital<sup>5</sup>. The range of dividends was very great. In the year 1881, 65 companies made profits. Of these there were 15 that, while they had made good profits, had not realized enough to cover

<sup>1</sup> *Co-operative News*, vol. viii. p. 360.

<sup>2</sup> *Ibid.*, vol. viii. p. 488.

<sup>3</sup> *Ibid.*, vol. viii. p. 360.

<sup>4</sup> *Ibid.*, vol. viii. p. 317; vol. ix. pp. 272, 369; vol. x. p. 22; and vol. xi. pp. 592, 624.

<sup>5</sup> *Ibid.*, vol. vi. pp. 500, 501.

past losses. A number paid dividends varying from  $5\frac{1}{2}$  to 10 %; 10 companies paid from 10 % to 15 %; 6 paid from 16 % to 19 %; and 3 paid 20 %. 'The operatives are asking that their wages shall be raised to what they were previous to 1878<sup>1</sup>.' The building of mills and the starting of new companies were now recommenced, owing to the two facts, that trade was profitable and mills could be 'built for 16s. 8d. per spindle<sup>2</sup>,' whereas an estimate made about the same time showed that the old mills, after allowing for depreciation, were still valued at, for fireproof mills, 25s. per spindle; non-fireproof, 17s. per spindle; and 'turnover' mills, 24s. per spindle<sup>3</sup>.

In the year 1882 'the spinning companies made profits equal to  $6\frac{4}{5}$  % on their share capital.' This rate was the average for the whole 69 companies which usually appeared in the current lists of the district. They had a total of 3,990,702 spindles, employing about 18,000 work-people. Five new mills and two extensions were being erected<sup>4</sup>. Rochdale took up the running this time as well as Oldham. Until now it had been content with Mitchell Hey, but at the end of 1881 an effort was made to 'initiate some movement for effecting an improvement' in the condition of the trade of the town. The result was the building in 1882 of the Crawford mill. It has had a most successful career, and twelve months after commencing work a second mill was built by the same company, making a total of 154,464 spindles.

'Twenty-five quarterly reports have been issued since spinning commenced, and twenty-two of them have announced a dividend. In only two quarters has there been a loss on trade account. The other deficiency was in the last quarter of 1889, and was due to the extensive defalcations of the salesman Coupe. A profit of £1,239 was made on the trade account, but the defalcations converted it into an adverse balance of £3,392, besides wiping out a large reserve fund. . . . The average dividend paid has been  $7\frac{1}{2}$  %<sup>5</sup>.'

<sup>1</sup> *Co-operative News*, vol. xvi. p. 619.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*, vol. xiii. p. 58.

<sup>4</sup> *Ibid.*, vol. xiii. p. 635; vol. xiv. p. 118.

<sup>5</sup> *Rochdale Observer*, May 17, 1890.

During the time the spinning companies have been working there have been two other cases of embezzlements of large amounts, viz. Croft Bank, £3,279, and Crompton, £400, in July, 1879<sup>1</sup>. The Crawford mill was followed in 1884 by two more at Rochdale. One (the Rochdale) began work in 1885, and declared a dividend in its first quarter of over 6 %. 'Unfortunately a number of lean years were to come. . . . The turn came in the last quarter of 1877,' and in the last ten quarters 'there have been paid four dividends of 12½ %; five of 10 %; and one of 5 %. There is also a reserve fund of £4,000<sup>2</sup>.' The other (the Arkwright) delayed starting the mill until the end of 1886. 'For the whole thirteen quarters that the mill has been working the average dividend has been 6 %<sup>3</sup>.'

The years 1883 and 1884 realized for all the companies in the Oldham district an average dividend of 7¾ % and 5 % respectively. The average for eight years was only 3½ %, without taking into account the share capital that had been lost, as calculated by Dr. Watts<sup>4</sup>. The profits in 1884 were affected by a strike of the North-East Lancashire weavers, which caused the spinning mills to work only four days a week; 5 % on their wages was also restored to the operatives of the reduction made in 1878<sup>5</sup>. Eight new mills were commenced; and in March, 1885, it was calculated that 'the aggregate addition to the power of production will amount by the end of the year to 750,000 spindles,' as about twelve mills would then have been opened during the year<sup>6</sup>.

In the middle of 1885 the employers gave formal notice of a 10 % reduction in wages. The operatives were willing to accept 5 % if short time were worked. This was not acceded to. Out of 82 companies the shares of about 20

<sup>1</sup> *Co-operative News*, vol. x. pp. 460, 492.

<sup>2</sup> *Rochdale Observer*, May 24, 1890.

<sup>3</sup> *Ibid.*, May 31, 1890.

<sup>4</sup> *Co-operative News*, vol. xvi. p. 619.

<sup>5</sup> *Ibid.*, vol. xv. pp. 762, 582.

<sup>6</sup> *Ibid.*, vol. xvi. p. 208.

were at a premium, and the remaining 60 were at a discount<sup>1</sup>. It was argued that

‘if the demand has not fallen off, but increased, and if prices have declined because production has outrun even an increased demand, then our manufacturers have created their own difficulties, and it is fairly questionable whether they should make others pay for their miscalculations<sup>2</sup>.’

The strike lasted thirteen weeks, when the masters accepted the offer of the operatives of a 5 % reduction. In January, 1886, it was stated that during the previous twelve months the share capital of the Oldham companies had been entirely unremunerative.

‘Of 60 companies, the first quarter of the year showed sixteen nils<sup>3</sup>; the second quarter there were twenty-two; the third quarter there were fifty-five; and the fourth quarter there were fifty-six. . . . The price of shares also shows a great fall on the year<sup>4</sup>.’

Business became worse in 1886. The new mills had got to work, and were competing with the older ones. In ‘July there were 58 Oldham joint-stock companies, each having an adverse balance, the total amount of which was £134,437<sup>5</sup>.’ At the end of 1886, out of 83 companies there were 63 with adverse balances, amounting to £169,931; and these losses would have to be made good out of future profits before the payment of dividends on share capital could be resumed. Twenty companies only had paid dividends during the year, varying from  $\frac{1}{2}$  % per ann. by the least prosperous of the twenty, up to  $6\frac{3}{8}$  % per ann. by the Royton Company, and  $8\frac{1}{2}$  % by the Lower Moor<sup>6</sup>. In August short time had been resorted to as a means of reducing the demand for raw cotton and restricting the supply of yarn, in the hope that

<sup>1</sup> *Co-operative News*, vol. xvi. p. 485.

<sup>2</sup> *Ibid.*, vol. xvi. p. 816.

<sup>3</sup> By the term ‘nils,’ the reporter meant that no profits had been made.

<sup>4</sup> *Co-operative News*, vol. xvii. p. 10.

<sup>5</sup> Factory Inspector’s Report, 1886, p. 541.

<sup>6</sup> *Economist*, February, 1887, Supplement, p. 4.

the price of the former might go down, and the price of the latter might go up<sup>1</sup>. Several of the mills came to grief during the crisis.

Commenting on these heavy losses, the leading financial journal said :

‘Notwithstanding this state of affairs, there is no panic amongst loanholders, for, as a class, they consider that the business of spinning will shortly improve, and with a spell of good trade, the various companies which now have adverse balances will soon begin to pay dividends. Moreover, in no single instance has a company, however large its losses, missed paying the loan interest on the due date. . . . Throughout the town and vicinity there is confidence in the management of the mills, and the feeling\* that no mills in the world are worked so economically and efficiently as the “limited” concerns of Oldham. There is no denying that the best style of spinning in the trade is in the town just mentioned. It is pre-eminently a spinning town, and yarn is produced on the best and most approved principles. As a rule, the companies will have no machinery which is not of high-class construction, and the directors and managers are continually on the look-out for improvements, and are always ready to replace old machinery with the latest new invention. The new mills just completed are indeed splendid buildings, with every convenience and arrangement for reducing cost of production. Compared with the old factories still in existence in East Lancashire, the present structures are superior in every conceivable way. . . . The fact is, the limited companies have revolutionized the spinning trade, and while an old mill with ramshackle machinery is losing money, an Oldham modern mill, spinning exactly the same counts, will, in consequence of producing yarn of superior quality at a relatively lower rate per pound, be able to declare a dividend to shareholders. . . . In an Oldham mill every item of expense is carefully watched; indeed, in most of the concerns, there is a healthy rivalry as to which mill can produce a pound of yarn at the cheapest rate. Not only is quantity looked after, but quality is well seen to, for in the great competition for customers in East Lancashire amongst manufacturers, who chiefly consume Oldham yarn, a poor-spun thread receives no attention. . . . The present appearances seem to denote that the new mills of

<sup>1</sup> *Co-operative News*, vol. xviii. p. 824.

Oldham will bring to the wall all the old factories in the country. The latter cannot compete with present-day machinery, either in quantity, quality, or price<sup>1</sup>.

The first half of 1887 showed some improvement, although a large number of companies were still making losses, owing to a 'corner' in raw cotton; and it was explained that 'those companies with a profit have been fortunate in their cotton purchases<sup>2</sup>.' In July short time was again resorted to in consequence of the unprofitable state of trade<sup>3</sup>. At the Sun Mill meeting, held that month, 'the chairman stated that the loss in working on to-day's price of cotton and yarn was £200 per week; but with running the mill (140,000 spindles) half-time, the loss was reduced to £114 per week<sup>4</sup>.' The collapse of the cotton corner in August improved the position of the spinners very materially, and the margin of profit was increased thereby to the extent of  $\frac{3}{10}$ d. per pound<sup>5</sup>. Losses consequently became fewer; the instances in which profits were made became more numerous, and the net result for the year was that 88 companies made a total profit of £86,810<sup>6</sup>.

The year 1888 witnessed a continued improvement. 'All through February and March business was healthy, the demand continuing on an encouraging scale. The position of affairs looked so satisfactory that the operatives in Oldham began to agitate for an advance of wages, and in April notice was given of a 5 % rise.' 'This demand was acceded to on May 17<sup>7</sup>. From July to September the trade was plagued with the operations of cotton speculators, and short time was resorted to by the owners of upwards of 20,000,000 spindles. It was claimed that this prevented a further advance in the price of raw cotton of  $\frac{1}{2}$ d. per lb.

<sup>1</sup> *Economist*, February, 1887, Supplement, p. 4.

<sup>2</sup> *Ibid.*, 1887, p. 904.

<sup>3</sup> *Co-operative News*, vol. xviii. p. 752.

<sup>4</sup> *Economist*, 1887, p. 904. <sup>5</sup> *Ibid.*, 1887, August Supplement, p. 4.

<sup>6</sup> *Ibid.*, February, 1889, Review of 1888, p. 28.

<sup>7</sup> *Ibid.*, February, 1888, Supplement, p. 27.

Notwithstanding these drawbacks, the net profits of 85 companies amounted to £250,932 for the year. This showed a return of rather less than  $7\frac{1}{2}\%$  on the paid-up share capital, but all the adverse balances were not yet cleared off<sup>1</sup>.

The prosperity of 1888 was continued fairly well through 1889, and new mills were started with a total of about 600,000 spindles. Speculation in raw cotton once more compelled the spinners to resort to half-time in August and September; but in spite of this, the total net profits of 86 companies amounted to £220,587; and the rate of profit on share capital was about  $6\frac{1}{2}\%$ . A writer in the *Economist* remarked:

‘It must not be supposed that all the £220,587 earned by the 86 companies to which our returns refer has been paid away in dividends. Only £125,885 has been actually distributed to the shareholders of these companies, and this is no more than  $3\frac{5}{8}\%$  on the share capital they have invested in their concerns. Of course, a large proportion of the earnings this year had to go, as they did last, towards wiping off adverse balances that had accumulated during years of bad trade<sup>2</sup>.’

During the year 1890 the prosperity was not only continued, but increased; and in May it was reported that ‘arrangements are in progress for the building of five spinning mills, which will contain about 300,000 spindles<sup>3</sup>.’ From the statistics I gather that there was more extension by additions to existing companies than by the formation of new ones. To evade the anticipated operations of a cotton corner, many companies bought raw material freely for their future requirements: and their action was justified by results. In July the margin between current prices of cotton and yarn left no profits; but notwithstanding this, the profits made were almost uniformly good. The official list of the Lancashire Sharebrokers’ Association for August 14,

<sup>1</sup> *Economist*, February, 1889, Supplement, pp. 27, 28.

<sup>2</sup> *Ibid.*, February, 1890, ‘Commercial Review,’ pp. 26, 27.

<sup>3</sup> *Ibid.*, 1890, p. 588.



1890, supplied details of 88 companies. Forty-two of these had paid dividends at the rate of 10 % per ann. for their last quarter's working ; 24 paid at the rate of 5 and upwards, but under 10 % ; 1 paid at the rate of 4 % ; 9 paid more than 10 % per ann. ; and 12 companies were unable to pay dividends. The profits and dividends for the previous quarter were of a somewhat similar character. The shares of 56 companies were at a discount of from 1s. to 16s. in the pound ; and the shares of 32 companies varied in value from par to a premium of 6s. in the pound. Several companies issued preference shares in the days of their extremity, and the holders are in some instances receiving large profits, while the ordinary holders are receiving little or none. In one company the preference holders receive eight times more than the ordinary shareholders ; and in the last two quarters of 1890, they received dividends at the rate of 40 % and 80 % per ann., against 5 % and 10 % paid to the original shareholders.

In 1890 the sum of £218,822 was paid away in dividends by 90 companies, being an average of £6 1s. % on the share capital. The dividends paid by these companies varied from 2½ % to 13 % ; and the total actual profits made by them, after paying loan interest, was £376,041, or equal to £10 8s. % on the share capital. This prosperity induced the operatives to ask for an advance in the rate of wages, and at the end of 1890 one of 5 % was conceded. For some classes of labour the advance given amounted to 10 %<sup>1</sup>. The number of mills in process of construction at the end of 1890 was reported to be eighteen, with a total capacity of 1,375,000 spindles<sup>2</sup>.

The sharebrokers' association circular referred to previously, gave details of the 88 companies, the totals of which were as follows : paid-up share capital, £3,491,851 ; loans, ordinary, £2,588,541, and mortgages, £631,044—total,

<sup>1</sup> *Oldham Chronicle*, December 27, 1890, p. 6.

<sup>2</sup> *Economist*, Supplement, January 10, 1891, p. 6.

£3,219,585; present value of buildings and machinery, £5,014,222; number of spindles—twist, 3,183,440, and weft, 2,818,062—total, 6,001,502; balances of profit carried forward, after paying dividends, by 77 companies, £142,013; balances of loss carried forward by 7 companies, £9,628. Both the *Oldham Chronicle* and the *Manchester Weekly Times* regularly give lists of the dividends paid by, and the current market value of the shares of, about 100 companies. The *Weekly Times* of August 15, 1890, showed that at their last balancing 12 of these companies had paid dividends at the rate of more than 10 up to 15 % per ann.; 41 had paid 10%; 22 had paid 5 or more, but under 10%; 2 had paid 4%; and 23 had paid none. But some of these latter were new companies that had not then started work, although in some cases their shares were at a premium, amounting in one case to 14s. in the pound. Mr. J. Holden has made me a geographical analysis of the 100 companies. He has placed 63 companies in Oldham, 9 in Royton, 8 in Middleton, 5 in Rochdale, and 15 in various neighbouring districts.

The *Oldham Chronicle*, reviewing the condition of the spinning companies at the end of 1891, remarked that

‘this year will long stand out in the annals of the trade as one of heavy losses, mainly arising from the abundant supply of cotton, and consequent serious decline in values after the great majority of spinners had loaded themselves with the material; and it presents in many respects the greatest contrast to the previous year, which was the most profitable experienced for many years.’

The paper then gave the figures for 93 companies, as follows: 48 companies had made profits amounting to £138,376, while 45 companies had made losses amounting to £127,612; leaving a profit for the 93 companies for the year of £10,764, on a paid-up share capital of £3,622,031, or equal to an average dividend of 6s.%. The losses of the 49 companies left them at the end of the year

with adverse balances amounting in the aggregate to £142,767<sup>1</sup>.

The same journal, writing a year later, had to report that on November 5, 1892, 'a large proportion of the machinery in the spinning department was stopped, owing to the resistance of the work-people to a proposed reduction in wages of 5 %.' The lockout continued all through the remainder of the year, and through January, 1893<sup>2</sup>. The employers had kept losing money all through the year, and wished to recoup themselves by a reduction in the rates of wages. The operatives objected, their view being 'that if shareholders have had no more judgment than to build additional mills and reduce the profits of spinning by so doing, they ought to take the consequences'.<sup>3</sup> The operatives, however, expressed 'their readiness to co-operate with the employers in limiting production,' by working short time, and thereby raising the selling prices of yarns. This the employers refused, and insisted on the reduction of wages or on a lockout<sup>4</sup>. The results of the working of 99 companies during 1892 were as follows: 40 companies made profits to the total amount of £70,040, while 59 companies made losses to the total amount of £164,900, leaving a balance of loss for the 99 companies of £94,860 on a paid-up share capital of £3,692,635. The loan capital of these companies was £3,563,097, on which it was estimated that an average interest of  $4\frac{1}{2}$  % per ann. was paid, or a total amount of £151,431. Deducting from these figures the loss sustained for the year of £94,860, there was left a net sum earned during the year of £56,571, 'or a return of a trifle over  $\frac{3}{4}$  % per ann. on the whole capital employed.' The market value of the share capital at the end of the year 1892 was £2,454,346, or about two-thirds only of the sum actually invested. Notwithstanding

<sup>1</sup> *Oldham Chronicle*, December 26, 1891.

<sup>2</sup> *Ibid.*, December 31, 1892.

<sup>3</sup> *The Times*, December 7, 1892.

<sup>4</sup> *Co-operative News*, vol. xxiii. p. 1105.

the unfortunate results of the two years' working of the existing mills, ten new mills belonging to joint-stock companies were completed, and started work in 1892 with an aggregate of 863,000 spindles; and at the beginning of 1893, there were ten other mills in the course of erection with an aggregate of 744,000 spindles<sup>1</sup>. An explanation of this continued building of new mills may possibly be found in the steady growth in the improvements made in machinery, which enable the new mills to produce at less cost than the older mills. Another explanation is that, as was stated by Mr. Albert Simpson to the Labour Commission in July, 1891, 'Nine years ago, the extreme cost of a new mill and machinery was 28s. per spindle,' while 'to-day the cost of the same, if new, would be 20s. per spindle<sup>2</sup>.'

From numerous sources I have received sundry details that are of importance. The average rate of interest paid for loans will not exceed 4% per ann. In 1866, the amount of yarn produced of a given count was 22½ hanks per spindle, against 28 hanks produced in 1887. A report made to the British Association in 1887, on the regulation of wages in the cotton industry, said that by the lists mutually agreed upon by the employers' associations and the operatives' associations, 'wages depend on the amount of the produce,' and 'all advantages arising from improved machinery are divided between the employer and employed.' Then speaking of Oldham, the report said that the list there also arranges to 'divide the advantages resulting from an increased speed with the employer. . . . The Oldham list is the only one that adopts the principle in regard to speed<sup>3</sup>.' Since 1870, the hours of labour have been reduced from 60 hours to 56½ hours per week. But wages have increased as follows: Minders about 5s. per week; piecers from 2s. 6d. to as much as 4s. per week; card-room men, strippers, grinders, &c., about 3s. 9d. per week.

<sup>1</sup> *The Economist Monthly Trade Supplement*, January, 1893, p. 7.

<sup>2</sup> Minutes of Evidence, Labour Commission, Group C, vol. i. p. 78.

<sup>3</sup> 'Transactions of the British Association,' 1887, p. 305.

Women cop tenters have gone up from 6s. 6d. in 1870 to 12s. 9d. per week in 1887, and girl tenters from 6s. to 9s. Women drawing-frame tenters have had their wages increased from 11s. in 1870 to 19s. 6d. per week in 1887. All other classes, including the principal servants, have also received increased rates of remuneration. The companies pay their principal servants better than private firms. They also beat the latter in the efficiency of their arrangements, and consequently make more profits. Between 1860 and 1887, wages have gone up 40 %, and the cost of living has gone down 7½ %; and whereas in 1873 the Sun Mill had paid in eight years £107,000 of wages, and in dividends to shareholders £92,000, the balance sheets of one of the most successful companies, whose shares at the time stood at a premium of 25 %, showed that in the six months ending March 1890, £5,999 was paid in wages, and £1,800 only was paid in dividends to share capital. The total net profit of this company was £2,635. Another first class company paid £12,582 in wages in 1889, and £2,271 in dividends; and a third paid £10,504 in wages, and £2,374 in dividends. If all the companies were taken together, the relative proportions of payments made in 1889 would be at least £5 in wages to £1 in dividends on shares. The value of the annual output of the mills owned by the Limited Companies varies with the price of raw cotton; but it may be taken at a rough estimate at £6,000,000.

It is said that at Oldham an operative in one mill would prefer to hold shares in any mill rather than the one in which he works, as he feels he has then greater freedom in exercising his rights as a shareholder, while the net results to the worker are the same; for, when using his shareholding power, he cannot forget that he is a working man; like interests induce like feelings, and these cause similar actions. Writing to the Hon. Auberon Herbert on this point, in 1877, Mr. William Nuttall said:

‘Some of your friends will tell you that it would be much better

if each of these mills were owned by those alone who work in them. I reply that Oldham experience proves that working men prefer to work where they can obtain the best wages and the most comfortable place, while at the same time they also prefer to invest their capital where they think it will bring the greatest interest or dividend, whether that place be the one in which they are employed or elsewhere<sup>1</sup>.

The co-operative character of these mills has often been questioned, because they have no system of paying capital a fixed rate of interest, or of sharing the surplus, if any, with the workers. The reader will have already noticed Dr. John Watts' advocacy of these mills. He was one of the Owenite missionaries. Mr. Lloyd Jones was another Owenite missionary, and his opinion was 'The Oldham mills are in fact co-operative, and never should be otherwise regarded by the organized co-operators of the kingdom<sup>2</sup>.' At the Oldham Congress, Mr. F. Hardern read a paper on this subject ; and he concluded in these words :

'Instead of preaching Utopian ideas, let there be something more practical done, even if it does not, in the strictest sense of the word, come under the title of co-operation. This is what has been done in Oldham in the establishment of the limited liability movement. . . . With very few exceptions indeed, the men at the helm in these affairs have been called purely from the ranks of the workers, which is another proof of the great advantages accruing to the workers through the institution of limited liability. . . . What we have to say to those of our co-operative friends outside is—Go and do likewise. . . . Invest in the development of the particular trade or trades of your district, and, instead of waiting whilst some of the desired forms of co-operative production are being theoretically developed, lay hold of the most practical form of co-operation within your reach, if even it is not all that you could wish and desire<sup>3</sup>.'

The experiments made by some of the companies in profit-sharing have already been noticed, together with the views of leading shareholders thereon. Judging by the

<sup>1</sup> *Co-operative News*, vol. viii. p. 187.      <sup>2</sup> *Ibid.*, vol. xiv. p. 571.

<sup>3</sup> *Ibid.*, vol. xvi. p. 484.

utterances of Trades Unionist leaders, the operatives themselves are averse to any system of profit-sharing. When giving evidence before the Labour Commission, Mr. James Maudsley, the Secretary of the Amalgamated Association of Operative Cotton Spinners, said :

‘I have thought out the matter of profit-sharing a good deal, and I have people constantly at me to try and see whether it can be introduced in the cotton trade. It has been introduced at times by the employers, but it has never given any satisfaction. It has never done any good where it has been partially tried.’

Mr. William Mullin, representing the Amalgamated Society of Card and Blowing-room Operatives, when giving evidence before the same Commission, said, in answer to the question :

Is it possible to have any system of co-operative working with your employers—that is, a sharing of the profits, or sliding scales, or anything of that sort? ‘We do not think so, because we are of opinion that if such was the case it would create a jealousy amongst the workers. One would watch the other, and the best results would not be obtained.’

Mr. Mullin added that by means of the Trades Union a fair share of the results of their labour can be obtained by the operatives<sup>1</sup>.

Co-operation was carried another step forward in 1881 by a number of the spinning companies establishing the Cotton-Buying Company, Limited.

‘It was a topic of discussion for many years before anything definite was attempted. The making of the cotton corners of 1879-80 gave an impulse to the discussion. . . . Shares were taken up by about 20 or more companies . . . and in September, 1881, an office was opened in Liverpool, a manager and staff appointed, and the first business commenced as cotton brokers ; business to be done according to the rules of the Liverpool Cotton Market, and brokerage to be charged to buyers in the

<sup>1</sup> Minutes of Evidence, Labour Commission, Group C, vol. i. pp. 5 and 24.

usual way ; profits to be divided according to the business done, after paying  $7\frac{1}{2}$  % per ann. on share capital.'

Notwithstanding jealousy and boycotting, this company has steadily prospered. Its sales for the first year were £316,000, for the second they were £356,000, and for the third year £736,160. At the end of this third year, there were 50 limited companies on the share register ; and besides paying  $7\frac{1}{2}$  % on shares, they had returned to purchasers a bonus of 7s. 6d. out of every 10s. commission paid as brokerage<sup>1</sup>. The balance sheet for the last quarter of 1889 showed that, in addition to carrying one-seventh of their profits to the reserve fund, they returned a bonus of 6s. 8d. on the brokerage to their shareholders.

A Federation Insurance Company was started in 1875. 'At that time insurance rates upon cotton mills were at their highest, and the annual charge for insurance was found to be a serious drain upon the profits of the Oldham cotton mill companies.' All the best Fire Insurance Companies were organized into a Tariff Association, which regulated the rates of premium, and no member of the Tariff Association was allowed to insure under these rates. Although the mills were well built, and well equipped with steam pumps, extincteurs and volunteer fire brigades, and were thus considered to be able to 'cope with any outbreak of fire,' the tariff insurance offices would not make 'any allowance from insurance premiums to the owners of such mills for this expenditure on appliances, &c., but continued to charge the same rates as on old and low-built mills. . . . This was felt to be a great injustice, and led to the forming' of the insurance company.

A sketch of the federation, written for the use of the delegates to the Oldham Co-operative Congress, gave the following information concerning its working. On commencing business, the directors made an allowance of 10 % for efficient appliances. The tariff offices then did the same ; 'but still

<sup>1</sup> *Oldham Congress Guide*, pp. 130-5.



our rates have all through been kept at 10 % below tariff rates, although further reductions have been made from cotton mill rates since the formation of this company, making in all about 50 %, thus effecting an enormous saving to our mill companies.' The subscribed capital at the beginning was £4,667, and at the end of 1884 it was £40,710. Only 1s. per £1 share had been paid up in 1885, but a dividend was declared of  $1\frac{1}{4}$  % per ann. upon the subscribed capital, which was equal to 25 % per ann. on the paid-up capital. The surplus capital is invested as loans at 4 % with the insuring companies<sup>1</sup>. The balance sheet for the last half of 1889 showed that there were then 51,010 shares issued, on which 3s. 9d. per pound had been paid up, I infer, out of profits. There was also a reserve fund of £19,736. There appeared to be 70 companies or societies that were shareholders in this federation in 1889. Individuals are not allowed to become shareholders.

Co-operative distributive societies are large investors, both as share and loan-holders, in cotton manufacturing companies. Seven societies alone have over £150,000 thus invested ; and another, Stacksteads, while not holding such a large amount as these, has an average of £8 per member invested. Altogether, the total investments in cotton companies by the Lancashire societies probably exceeds £500,000.

The distributive societies have, in some instances, entered into cotton manufacturing on their own account. Some have done this, as mentioned by Mr. John Lord, in consequence of mills mortgaged to them falling into their possession. For instance, the Milnrow Society, which numbers 1,050 members, is working a mill in which they have invested over £15,000. They took it over as mortgagees because the owning company went into liquidation. The balance sheet for July, 1890, showed a slight profit of £9, without providing for interest on capital. The Darwen

<sup>1</sup> *Oldham Congress Guide*, pp. 136-9.

Industrial Society built a weaving-shed, to hold between 500 and 600 looms, in 1887<sup>1</sup>; but Mr. C. J. Beckett informed me that the society had let it for ten years. They had had 'thoughts of organizing a company on the self-help principle'; but there had been so much money lost by the people of the district by the failure of companies of different kinds that the society changed its intention, and preferred to 'accept a moderate income without risk.' The Leigh Friendly Co-operative Society erected a weaving shed in 1868. Before the machinery was put in, the shed was used by Mr. Gladstone to address his constituents when he was member of Parliament for South-West Lancashire<sup>2</sup>. A file of balance sheets that has been lent me through Mr. Thomas Wood, showed that in 1871 the amount of capital invested in the manufacturing department was £12,700, and the value of the buildings and machinery was £6,057. At the end of 1873 a new weaving shed was added, and this swelled the value of the plant to £15,842, while the total capital employed was £24,000. The profits of the shed, according to the balance sheets, were continuous from the middle of 1871 up to the end of 1878; the total amount for the 7½ years being £11,138. The profits went to swell the dividends on purchases from the store. The amount of capital employed in the factory was then £33,000; the total capital of the society was £65,568, and the number of members was 3,553. For the half-year ending June, 1879, there was a loss of £575; 'this result arising from a state of things unparalleled in the history of the cotton trade.' Loss now succeeded loss up to September, 1881, when the manager, Mr. William Hill, who had been with the society from its commencement, sent a letter to the committee saying:

'The shed accounts are, I am grieved to say, very incorrect. We were very unfortunate in the time selected for commencing manufacturing, a time when yarn was double its present price,

<sup>1</sup> *Co-operative News*, vol. xviii. p. 981.

<sup>2</sup> *Co-operator*, vol. viii. p. 705.

and wages were high. For a short time we made a profit, but prices being high, we could not sell all our production to a profit, and the stock of goods accumulated to a large amount, and when the fall in prices set in they had to be sold at a loss. . . . I did not know what to do. I felt myself in a great dilemma, and in my concern for the society I devoted myself to doing the business so as to put off the evil day as long as I possibly could, using all the means at my command to attain that object. . . . During this time the accounts have been incorrectly kept, showing profit that has not been realized. I am guilty of making the shed reports show a profit when they should have shown a loss . . . but now, finding my health failing me under the weight of this trouble, I cannot keep it from you any longer<sup>1</sup>.

Mr. William Appleby was ultimately called in, and his examination of the accounts showed that from December, 1872, to September, 1881, there had been a loss on the weaving shed of £22,670. There was also 'a deficit balance of £2,457 2s. 8d., for which no explanation or account can be obtained<sup>2</sup>.' Mr. Hill was prosecuted by the society, and on February 7, 1882, on pleading guilty to the charge of falsifying the accounts, he was sentenced to a short term of imprisonment<sup>3</sup>. The great deficiency of assets was made up by, firstly, a revaluation of the land and buildings, which enabled them to write off about £9,000; and, secondly, by the institution of a redemption account, to be written off out of future profits, and by a contribution, in the case of a member withdrawing from the society, of 3s. 4d. in the pound on the amount withdrawn. This amount had been fixed before they knew the full extent of the deficit, and was based on a plan submitted by the Co-operative Union<sup>4</sup>. The redemption account is being rapidly written down, and in June, 1890, it stood at less than one-half its original figure, while land, buildings and machinery had also been again written down, and the dividends on the store business of the society had been regularly paid. Unfortunately, the

<sup>1</sup> *Tyldesley Weekly Journal*, February 4, 1882.

<sup>2</sup> *Leigh Chronicle*, January 14, 1882.

<sup>3</sup> *Leigh Journal*, February 11, 1882.

<sup>4</sup> *Ibid.*, October 15, 1881.

shed has scarcely made anything but losses, the total, up to the middle of 1890, being over £7,000. This has caused the society to cease running it on their own responsibility, and they have now rented it out to a private firm on a kind of profit-sharing arrangement. I am under the impression that there has been a difficulty in getting the members of the society, who were also workers in the shed, to understand the necessity of straining every nerve to meet the exigencies of markets. In November, 1890, the results of the working of the factory under the new conditions were: Sales for the quarter, £10,573; and after providing for both depreciation and interest there was a loss of £452. Of this loss the society bore £384 and the lessees £68<sup>1</sup>.

The self-help societies in the district of Burnley present some distinctly special characteristics. The first, the Burnley Self-Help Cotton Spinning and Manufacturing Society Limited, has been in existence since the early part of 1886, and the workers deserve great credit for their tenacity, patience and perseverance. The first meeting was held in the 'Trafalgar-street Co-operative Newsroom.' A deputation, consisting of Messrs. J. C. Gray and Joseph Greenwood, attended from the Co-operative Union and addressed the meeting. Those present were very favourable to the proposed society, and the chairman said that 'the present was an exceptionally good time for commencing the undertaking<sup>2</sup>.' On January 14, 1886, it was reported that over 100 persons had already applied for shares<sup>3</sup>, and a little later in the year the Productive Committee of the United Board appealed to co-operative societies to help by taking up a few shares, saying that 150 workers had taken up £1,500, and that the Burnley Society had taken up £250<sup>4</sup>. Among other papers and balance sheets lent me

<sup>1</sup> *Co-operative News*, vol. xxi. p. 1179.

<sup>3</sup> *Ibid.*, vol. xvii. p. 93.

<sup>2</sup> *Ibid.*, vol. xvii. p. 8.

<sup>4</sup> *Ibid.*, vol. xvii. p. 351.

by Sergeant Dalgetty is a copy of the original prospectus of the Burnley Self-Help. In this it is said :

‘The primary object of the promoters of this society is to obtain for the workers in the cotton industry of Burnley a greater interest in the results of their own labour, and by this means to assist in the development of their social advancement.’

After referring to the strife between capital and labour, and the necessity of adopting some method ‘which will unite in common the interests of the two, and secure to each its just proportion of their joint labour,’ the promoters said :

‘this end can best be accomplished by co-operation—i.e. the combining together of workers, who shall, as far as possible, provide the capital necessary for their own employment, and so, in a large degree, make the interests of the two identical. . . . It is proposed to start with 400 looms, which would be about three setts ; i.e. it would employ about three tacklers to look after them. It will find occupation for about 130 people. . . . It is the intention of the promoters to so regulate the concern that no machine or labour shall be wasted, the importance of which, as practical men, they are fully alive to. It is not intended to build a shed, but to rent one on the “room and power” system, which is the practice of the majority of the Burnley manufacturers.’

Details were then given as to capital, profits, votes, &c. It was estimated that £10 per loom was required for equipment, and £1,000 for working capital. ‘The shares were to be £5 each, and interest was to be paid to share capital at the rate of 5 % per ann., while a reserve fund was to be created out of surplus profits to guarantee this interest. The workers were to divide the remaining profits in proportion to wages, but were not to withdraw them until each worker was possessed of £20 of share capital. The principle of one man one vote was adopted ; and when the shareholder was a society it was authorized to appoint one person as its representative. ‘Wages were to be paid by the recognized Burnley standard list, and shareholders and their children were to have the first chance of working in the concern.’ The promoters were of opinion that in periods of depression

they could ask the workers to consider how the charges on the society could be best met—whether by a curtailment of expenses or by a reduction of wages. By this means they believed that the rate of wages might be regulated according to the requirements of the trade, and a sliding scale be established which should be fair alike to capitalist and worker. In a second prospectus, issued in April, 1887, it was said in regard to the interest on share capital, that ‘the workers take this responsibility on their shoulders, making it a first charge on the society; each worker agreeing, if the profits will not bear the interest charges, to meet them out of their wages.’ The Healey Royd Mills had been rented at 36*s.* per loom per ann., which was to be reduced to 35*s.* when 600 looms had been put in. The lessor had lent them £1,000 at 5 %. They had ‘at work 388 looms, with all the necessary preparation machinery, which find employment for 72 males, 50 females, and 44 young persons; with the exception of a few minors they are all shareholders.’ For power and room for the preparation machinery they paid £75 a year, ‘which the society are confident in saying is as cheap as any that has ever been taken in Burnley before.’ The result of the first six months’ working up to March 26, 1887, after meeting all charges for interest and depreciation, was a net profit of £692. ‘Out of this amount,’ Mr. Dalgetty said, ‘we decided to write off the whole of the formation expenses, to pay a dividend to labour at the rate of 5 % on all wages earned, and to carry the balance, amounting to £470, to the reserve fund.’ At this time the society had £3,700 of share capital and £2,100 of loans. £1,260 of shares had been subscribed by 11 co-operative societies, £1,400 by the workers, and the remainder by other individuals. Mr. Dalgetty also told me that the productions of the society were exclusively for the Eastern trade.

Mr. Redman, who was one of the promoters of the society, has sent me some details and balance sheets. He said :

‘ Our second half-year was not quite so successful as the first,

but we were all satisfied. Only  $2\frac{1}{2}$  % was allowed as bonus to labour, but the reserve was augmented to £662; and during this half-year we commenced 58 more looms, making our total 446, whilst we paid for the fittings, which cost £109, out of the profits of the half-year.'

The third half caused the reserved fund to be carried up to £736, and again  $2\frac{1}{2}$  % was paid as bonus to labour.

'Here ends the successful working of the society for a time. Our next half-year's working (ending September, 1888) was not what we expected. In fact we were not at all satisfied with the result. After paying all charges, such as depreciation and interest (no bonus), there was a loss of £69. The next half-year was the worst in the history of the society. We had bad trade and the cotton corner to contend with, and we did not think our manager and salesman looked after our business to the best of his ability. We consequently accepted his resignation. After meeting all charges for interest and depreciation, we had a loss on the half-year of £947. This took all our reserve fund, and left us with an adverse balance of £296.'

Another manager was engaged, but only stayed three months<sup>1</sup>. Mr. Redman went on to say:

'At the half-yearly meeting held in April, 1889, we decided to have stocks taken quarterly, still keeping, however, to half-yearly balance sheets; and, after the meeting, we called the working shareholders together, when we decided unanimously to pay out of our wages 10 % on the amount each had earned in the previous six months, towards making good our losses, the amounts to be paid before June 28. From this source we got £208. When the result of our quarter's working was known on July 10, we found we had another loss to deal with, amounting to £449, including balance of loss last half-year. The end of this quarter brought us face to face with the greatest difficulties we have had to contend with,' viz. the failure of two self-help societies. 'Nearly all the manufacturers in the district said we should go the same way, and they seemed to desire that event very much.'

The society now appealed to its first manager, Mr. Bancroft,

<sup>1</sup> Co-operative Congress Report, 1890, p. 69.

to come back to them, which he did after some persuasion<sup>1</sup>.  
To resume Mr. Redman's narrative :

'In July, 1889, we again called our workers together, and they decided to pay to the society  $16\frac{1}{2}$  % on the amount of wages earned by them in the previous quarter, to be paid before September 28. Although all were in favour of paying, more than 50 % of our workers thought we should fail ; but, with the exception of about a dozen, we all stood true to the society. These would gladly come back now that our prospects are improving. They like bonus, but have an aversion to paying losses. The half-year ending September, 1889, still left us with an adverse balance of £472 ; but the better prospects in trade, and the qualifications of our present manager, who thoroughly understands his business, gave us hope in the future. In October, 1889, we again called our workers together, and again we decided to subscribe 10 % out of wages earned before December 21. This brought in about £195. The result of the December stocktaking was that, after meeting all charges, we have a balance profit of £46, which brings our present loss down to a little over £200. The working shareholders have again decided to pay £100 towards this, and, with our present prospects, we feel confident we shall be able to make £100 before the end of March.'

The balance sheet for the half-year ending March, 1890, justified Mr. Redman's prophecy. The loss was cleared away, and a net balance of £14 was carried to the reserve fund.

An analysis of the seven half-yearly balance sheets up to March, 1890, exhibits the following results: The total sales were £130,135; the wages paid were £26,382; and the interest on loans amounted to £668. The workers have been credited with £348 as bonus, and they have paid in cash by way of levy on their wages, to make up losses, the sum of £815. The workers were therefore out of pocket to the amount of £467, or equal to  $1\frac{3}{4}$  % on the total wages paid. If the shareholders had borne the loss, they would have only received interest at the rate of  $1\frac{1}{2}$  % per ann., instead of

<sup>1</sup> Co-operative Congress Report, 1890, p. 69.



the 5 % per ann. that has been paid in consequence of the workers guaranteeing them. The share capital stands at £4,551, and the loans at £1,445. The original value of the plant is £4,242; it has been depreciated £1,030, and it now stands at £3,212. The society has not commenced spinning. Early in 1890 they began to manufacture goods for the home trade<sup>1</sup>. Mr. Bradshaw has informed me that there were 170 employés, 120 of whom were shareholders. There were also 128 other persons and 12 co-operative societies that were shareholders. Up to commencing manufacturing for the home trade, the business of the society had been exclusively with private firms. There were three employés on the committee. The total number of the committee was only five, according to the rules as altered in August, 1889. Previously to this the number was eleven.

The half-year ending September, 1890, showed a profit of £427 4s. 7½d., after paying share and loan interest. This was all carried to the reserve fund. The last quarter of 1890 realized a net profit, after paying interest on share capital, of £231, which was also carried to the reserve fund<sup>2</sup>. As the result of special meetings held on October 11 and 25, 1890, a great alteration was made in the society. Instead of paying the manager a salary, they engaged him for ten years, and his powers are—‘to conduct all business carried on by, or on account of, the society; receive and give receipts for all moneys due to it; engage and discharge all workmen, salesmen, and employés of every description; and fix their wages, salaries, or other remuneration.’ Provision is made for any dispute between the manager and the committee being referred to the arbitration of ‘a prominent co-operator previously appointed by the general meeting, whose decision shall be final<sup>3</sup>.’ I believe that the manager is a partner in a weaving shed which is run as a private concern, and that he, together with his partner, are the

<sup>1</sup> Co-operative Congress Report, 1890, p. 69.

<sup>2</sup> *Co-operative News*, vol. xxii. p. 70.

<sup>3</sup> *Lancashire Evening Post*, January 7, 1891.

lessees of the Leigh Society's factory. Mr. Redman has informed me that under the new arrangement 5 % per ann. will be paid on share and loan capital; fixtures will be depreciated at the rate of  $7\frac{1}{2}$  % per ann. on the original value; and the remaining profits are divided into two parts, the manager taking one as his salary, and the other being divided among the workers as bonus. The new arrangement started on January 1, 1891.

Both the years 1891 and 1892 were prosperous. The sales in 1891 were £51,951, on which a profit of £336 was made. Interest at 5 % was paid on share capital, and the balance was carried to the reserve fund, which was thereby increased to £679. The share capital amounted to £4,774, and the loans to £1,738. The number of members was 259<sup>1</sup>. The profit made in 1892 amounted to £1,190. The reserve fund was increased to £1,000, and appears to have been re-christened 'wage balance fund.' Shares and loans both received 5 % interest, while the operatives received a bonus in the last half of the year of 6d. in the pound on their wages, and shareholding purchasers in the home trade department received a dividend of 3d. in the pound on their purchases<sup>2</sup>.

At the half-yearly meeting of the shareholders held on July 23, 1892, 'a discussion took place on the sphere of authority between the manager and the committee'; but no decision was come to, the question being postponed<sup>3</sup>. In October, 1892, the discussion was resumed in a more public manner, by means of a series of letters in the *Co-operative News*; the principal points raised being the despotic power of the manager, and the alleged sale to co-operative societies and display at co-operative exhibitions, of goods purporting to be the productions of the Burnley Self-Help Society, but which had been bought from other manufacturers. Mr. Adam Wood, who had been president of the society, took

<sup>1</sup> Co-operative Congress Report, 1892, p. 172.

<sup>2</sup> *Co-operative News*, vol. xxiii. p. 827, and vol. xxiv. p. 79.

<sup>3</sup> *Ibid.*, vol. xxiii. p. 860.

part in the correspondence. He said: 'I resigned because I was disgusted at the way the home trade was being carried on, and with several other matters.' He then explained that, being anxious to know whether the goods sold were manufactured by the Burnley Self-Help Society, he asked the secretary, at the committee meetings, on several occasions, 'How many of these pieces have been made by our own society?' Sometimes he could get no answer. At other times the answer was, 'Only a few.' Mr. Wood then went on to assert that a large portion of the goods thus sold were made by James Bancroft and Co., the firm in which the Self-Help Society's manager was interested; while 'another portion of the goods our manager buys in the open market,' and all these 'goods are represented as being made by the Burnley Self-Help Society.' No one seems to have denied the truth of the above statements. As to the conduct of the manager, it was asserted that a director received a deputation of the work-people concerning some dissatisfaction; and on bringing the matter before the committee the manager stopped him, saying, 'I will have none of it!' The employés held a meeting on the subject on October 24, 1892, passed a vote of confidence in the manager, and requested the directors 'to write and deny the statement in the letter' which started the newspaper discussion. The directors did write; but while they asserted that the working agreement with the manager had 'been the salvation of the society,' they did not deny the accusation of having sold, as their own productions, goods that had only been purchased. The manager, Mr. Bancroft, also took part in the correspondence. Replying to the charge of despotic conduct, he said: 'When you have workmen employed in the same works, sitting upon the committee (a position I quite agree with), then your manager must be protected against any undue influence that might be brought to bear on these workmen from inside the works when dealing with any difficulties that might arise.' All parties to the correspondence concurred in referring the points in dispute

to the arbitration of the Central Co-operative Board ; and at the end of 1892 that body had got the question in hand<sup>1</sup>.

The success of the Burnley Self-Help Society during the first year or so had 'the effect of awakening the working men of the town to the advantages of self-employment<sup>2</sup>.' In May, 1887, a second self-help society, the Burnley Industrial, was started on the identical lines of the first, their purpose being, according to the prospectus, 'to save capital and use it to employ themselves.' This was followed in quick succession by the Calder Vale Society, in November, 1887 ; the Whittlefield, in March, 1888 ; the Burnley Lane, in May, 1888 ; the Nelson (near Burnley), in June, 1888 ; and the Oak Mount, in October, 1888. This last weaving-shed belonged to Mr. D. Mallinson (of Liverpool), who proposed to hand it over to his operatives. It contained 500 looms<sup>3</sup>. A correspondent, writing to me at the end of October, 1890, said of the Oak Mount Society:

'They keep things very quiet, and do not publish any balance sheets. So far as I can learn, they are neither losing nor gaining much ; but they seem a bit crippled both in buying and selling ; as they have to make all their cloth for one cloth agent, who is a very large shareholder ; and it is the same in the purchase of their yarns.'

The Calder Vale and Whittlefield Sheds belonged to Mr. J. H. Whittaker. Writing to me in April, 1888, Sergeant Dalgetty said of these two societies :

'Their inception and environments will not have the entire approval of the true co-operator. Mr. Whittaker, the proprietor of the two weaving sheds, endeavoured, about a year ago, when weaving gave good returns, to float a joint-stock company to take over his concerns. Though the company was well advertised in Burnley and Manchester, it was without avail. It is pertinent to this part of the subject to mention that strikes have been very frequent at his sheds. This gentleman now proposes

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 1200, 1225, 1258 and 1288.

<sup>2</sup> *Ibid.*, vol. xviii. p. 494.

<sup>3</sup> *Ibid.*, vol. xix. pp. 1041, 1139.

to hand over his sheds to the Calder Vale and Whittlefield Societies respectively, on terms to be seen in the enclosed prospectuses. To write frankly, I do not admire them. Mr. Whittaker may be actuated by the highest motives, but it cannot be overlooked that the conditions of transfer are very onerous.'

Mr. John Redman put the case even stronger. He said

'the owner of the mills compelled his work-people to become shareholders when he knew trade was so bad that there was no prospect of success.'

The sheds did not benefit the shareholders. By June, 1888, the Whittlefield Society had paid the vendor £1,600 for the stock-in-trade, but it had also lost about £500<sup>1</sup>; and on December 18, 1888, the Calder Vale Society had to enter into an arrangement with its creditors<sup>2</sup>. On February 2, 1889, a winding-up petition was made and granted, and on February 4 the same thing was done for the Whittlefield Society<sup>3</sup>. Mr. J. Rawlinson has given further details of the Whittlefield Society. The operatives paid up

'their subscriptions by weekly or monthly instalments, work being found for them by the society. The shareholders numbered 160, the looms operated being 542. The capital paid by the shareholders amounted, at the end of the society, to about £1,300. The society was ordered to be wound up by the court, the amount due to creditors being £2,200. When the assets were realized, and the costs paid, the creditors received a dividend of 2s. 10 $\frac{3}{4}$ d. in the pound. The shareholders' capital was all lost<sup>4</sup>.'

It was generally considered that the vendor had made a very hard bargain with the operatives, and that the winding-up was beneficial to him. He now resumed possession of the sheds, and again began working them on his account.

The *Times* of January 6, 1890, said :

<sup>1</sup> *Co-operative News*, vol. xix. p. 538.

<sup>2</sup> *Ibid.*, vol. xix. p. 1301.

<sup>3</sup> *Ibid.*, vol. xx. p. 143.

<sup>4</sup> Minutes of Evidence, Labour Commission, Group C, vol. i. p. 101.

‘A strike is impending at two concerns—Calder Vale and Whittlefield—which were run recently by the self-help societies, but are now run by the owners. The hands have given seven days’ notice of their intention to strike if their demand for the payment of the standard rate of wages is not complied with.’

The conduct of Mr. Whittaker in this matter evoked a leaderette in the *Daily News*, who, commenting on the strike for a 10 % advance, said :

‘Mr. Whittaker does not deny that he some time since promised to pay the Burnley list, and, though now willing to promise “on his word of honour” to pay Burnley list in future, will have nothing to do with arrears’ because ‘he cannot afford to be sent on the Manchester Exchange as a sandwich man, with a board in front of me and another behind me bearing the stamp’ of the Weavers’ Association. However, ‘happily the differences have at last been adjusted by the acceptance of Mr. Whittaker’s offer of a compromise, the terms of which include a payment of £200 to the funds of the Burnley Hospital, and the deposit of a substantial sum in the bank by way of guarantee that this time, at least, Mr. Whittaker’s promises are given “on his word of honour.”’

The Burnley Lane Society went into liquidation on February 7, 1890. The *Lancashire Evening Post* of February 8 said :

‘The Rakehead (Burnley Lane) Society was started . . . with a capital of £6,000. . . . The place has not been running two years, and there has been a loss of £50 per week. The balance sheet shows that on the first half-year’s working there was a loss of £700, on the second half-year over £2,000, and on the third £1,500. . . . Since the commencement the society—which is worked by a committee chiefly of weavers—has had no fewer than four managers. The standard rate of wages has been paid, and the average earnings has been about 4s. 8d. per loom—far below that at most of the sheds in the town. There are 700 looms in the concern, and most of the workers are shareholders, with an average investment of about £30 each, but many of them have over £100. . . . The repeated losses created much friction in the management, and the

frequent meetings were of a stormy character. Last week two or three meetings were held to consider how to tide over the difficulty, but the shareholders were more incensed at, and desirous of having the cause of loss explained, than how to meet it.'

A leading East Lancashire co-operator said :

'The men weavers would not turn out as much work as they might have done; even the girls were earning more than some of the men; and if the manager said anything, they told him to go to that place which is said to be very hot. They had new looms and new tapes, and ought to have succeeded. They would have done so, but the men—I am sorry to have to say it—wanted to be both masters and men. Hence no manager who was worth his salt would stay with them.'

An interesting point has arisen during the liquidation of this society. It appeared that the working members had advanced about £600 over and above their shares to make good losses. On November 14, 1890, the Burnley County Court judge decided that this amount must be repaid, if, after the ordinary creditors had been paid, there were sufficient assets; and no repayment could be made of the shareholders' capital until this had been done<sup>1</sup>. Mr. Rawlinson told the Labour Commission that the assets would probably enable the liquidator to return to the shareholders 10s. in the pound of their share capital<sup>2</sup>.

The Self-Help Society at Nelson, near Burnley, commenced working in December, 1888. The society was formed in June, and on the 26th of that month a meeting was held in the Co-operative Assembly Rooms, Nelson, to further the project. A week after, it was announced that 1,200 shares had been taken up<sup>3</sup>. On January 4, 1890, the balance sheet showed that they had then made losses to

<sup>1</sup> *Co-operative News*, vol. xxi. p. 1177.

<sup>2</sup> Minutes of Evidence, Labour Commission, Group C, vol. i. p. 101.

<sup>3</sup> *Co-operative News*, vol. xix. pp. 655, 681.

a total of £578, of which £321 was in the last half of the year. The committee said :

‘During the last quarter we have changed our manager—a circumstance of some importance, as upon him mainly rests the success of this or any society. . . . It is sometimes argued by members that they are partners in the concern, and why should they be compelled to work as hard here as they would have to work for a private master. Why? Because you are competing with him in an open market, and at a time when the margin between profit and loss is so small that the difference in the average per loom is the rate of profit and loss. Further, that if you are a partner in the concern, so are we all; you cannot expect others to stand by while you waste their substance in idleness and ease.’

For the quarter ending April 5, 1890, there was a profit of £9 17s. 3½d., after providing for depreciation. Their share capital was then £2,119, their losses were £372, and their plant was £1,659. Against this value of plant they had a depreciation fund amounting to £285. The quarter ending July 5, 1890, again showed an improvement, the net profit, after providing for depreciation, being £46; out of which £30 was paid for ‘interest and commission,’ and the remainder carried to the reduction of the adverse balance. In answer to my inquiries, Mr. Dawson (the secretary) has told me that 75 workers have subscribed £2,180 of shares. There is only one outside shareholder, owning £10. The sales are all with private firms, and amounted in 1889 to £26,790. There are eight employés on the committee. The number of employés is 120, and the weekly wages bill is about £115. When they have any profits, 5 % per ann. will go to capital, and the remainder will be divided among the employés in proportion to their earnings. He concluded by saying :

‘Had I the pen of a facile and ready writer I “could a tale unfold” that would ensure to the shareholders and committee an enduring place on the list of persons who have contributed to the progress of the co-operative movement by their patient,



determined, heroic and self-denying labours to successfully establish this society.'

The method of making a levy on wages to write off losses has, in the case of the Nelson Society, had its legality tested in the Colne County Court. A levy of 1s. per loom had been made by resolution of the work-people. The man who afterwards took the case into court protested against the resolution and did not attend the meeting. He was told that he must either conform or withdraw. The man went on working; and the judge held that this action bound him to pay the levy<sup>1</sup>.

Bearing in mind what has been done in making levies, it is worth while to note the following expression of opinion in the Factory Inspector's Report for 1888 :

'It seems to me that they (the co-operative societies) have a great advantage over ordinary companies and private firms, inasmuch as the members, being themselves both capitalists and workers, have, in depressed times, the power to regulate the wages according to the requirements of the trade<sup>2</sup>.'

On the other hand, Mr. Rawlinson, the secretary of the Masters' Association, whom I have previously quoted, was of opinion that 'the experience gained by these societies is very detrimental to the idea that co-operative production can be successful.' He was further of opinion that the conditions under which the cotton trade is conducted do not favour 'industrial production,' on account of the mercantile qualities which are required in buying and selling the product; and the probability 'that the interference of the operatives employed, with their manager and the business, is detrimental to its successful conduct<sup>3</sup>.'

It is, perhaps, also advisable to notice here the opinion on profit sharing expressed to the Labour Commission by

<sup>1</sup> *Lancashire Evening Post*, January 14, 1891.

<sup>2</sup> Report of Chief Inspector of Factories, 1888, p. 138.

<sup>3</sup> Minutes of Evidence, Labour Commission, Group C, vol. i. p. 101.

Mr. Thomas Birtwistle, who was at that time the secretary of the North-East Lancashire Weavers' Association. He said there had been several experiments in profit sharing during the last three or four years, but he did not think the great bulk of the operatives were in favour of such schemes; and he did not think any system of profit sharing or co-operation in the production of cotton goods would answer<sup>1</sup>.

The Eccles Industrial Manufacturing Society, established in 1861, was started for the purpose of weaving quilts. 'Being formed previous to the cotton famine, it managed to pass through that ordeal, giving employment and profit to the members at a time when it was not likely that they would have obtained it to the same extent from any other source whatsoever<sup>2</sup>.' Trade was at times 'impossible,' and they were then 'very much embarrassed for want of capital<sup>3</sup>.' 'For the first ten years it was simply a hand-loom weaving establishment. They were then compelled to change to power-loom weaving, or to give up altogether. This was a great task, as there was scarcely a man in connexion with the society who had had any previous experience<sup>4</sup> of the steam power business. A small factory was erected in 1872, the Eccles Distributive Society lending £600 towards defraying the cost of the necessary machinery. The Rochdale Pioneers also invested £300<sup>5</sup>. In August, 1873, the position of the society was as follows: Number of members, 133; share capital, £3,074; number of persons employed, 29; and amount expended on buildings and machinery, £1,600<sup>6</sup>. In October, 1874, they showed their commercial sagacity by changing 'many looms from which goods difficult of sale were produced' and substituting 'others making goods which command a more regular and

<sup>1</sup> Minutes of Evidence, Labour Commission, Group C, vol. i. pp. 56 and 58.

<sup>2</sup> *Co-operative News*, vol. iii. p. 432.

<sup>3</sup> *Ibid.*, vol. ii. p. 586.

<sup>4</sup> *Ibid.*, vol. xiii. p. 726.

<sup>5</sup> *Ibid.*, vol. ii. p. 621.

<sup>6</sup> *Ibid.*, vol. iii. p. 432.

steady trade<sup>1</sup>.’ In 1879 they made bad debts to the extent of over £500, through the default of their agent; but the committee were able to report that ‘the society has now openings for its goods in Manchester and London to an extent it never had before. It could do a larger business had it a larger capital<sup>2</sup>.’ In October, 1882, the committee recommended the members to ‘erect a new shed on an unoccupied piece of land adjoining the mill and belonging to the society,’ explaining that

‘the trade of the society has now outgrown the full producing power by working ordinary time only; and, in order to supply a demand for one class of goods, the mill has to be run night and day. . . . The goods for which there was so great a demand were mostly the designs of their manager. . . . He had almost always been successful in meeting the market. If the designs did not take, he was not paid for them.’

At the meeting of members it was stated that

‘it was now three or four months since their manager went into a warehouse to ask for an order. . . . Customers came to them unsolicited. . . . Only one fifty-ninth part of their trade during the past six months had been done with co-operative societies<sup>3</sup>.’

The new weaving shed was built, and in October, 1884, the society had 42 looms at work, with six more nearly ready for starting. The production of the society for the six months amounted to 14,000 quilts<sup>4</sup>. In 1885 the members authorized ‘the committee to purchase 5,000 square yards of land, and erect extensions thereon at a cost of about £2,000<sup>5</sup>.’

The secretary has given me some details and balance sheets. The latter contain a statement of the society’s progress from the commencement. The second balance sheet, issued in June, 1865, showed the share capital at £146 and the sales at £945. Twelve months later the

<sup>1</sup> *Co-operative News*, vol. v. p. 216.

<sup>2</sup> *Ibid.*, vol. xi. p. 54, and vol. xiii. p. 726. <sup>3</sup> *Ibid.*, vol. xiii. p. 726.

<sup>4</sup> *Ibid.*, vol. xv. p. 967. <sup>5</sup> *Ibid.*, vol. xvi. p. 398.

sales had dwindled down to £173, owing to the disorganization of trade caused by the American civil war. The share capital has steadily increased, and in March, 1890, it stood at £13,656. This capital receives 5 % per ann. interest, with the exception of £357 issued in 1876, which receives 7½ %. The loan account may be said to have only been commenced in 1872, as before that it had never reached a total of £40. In March, 1890, the loans stood at £6,195. Up to 1885 loans received 5 % interest. In 1886 there were two rates, viz. 4 % and 5 %; but from 1887 only 4 % per ann. has been paid. The sales for the half-year ending March, 1890, amounted to £12,688. Out of fifty-seven half-years forty-nine have produced a profit. The share capital has always received its interest, except for the September half of 1888; but in March, 1890, the shareholders were paid half of the back interest due, and in October, 1890, the remaining interest arrears were cleared away.

At March, 1892, bonus had been paid sixteen times on wages and share capital, as follows: once, in 1870, at the rate of 3*d.* in the pound; six times at 6*d.*; and three times each at 9*d.*, 1*s.*, and 2*s.* respectively. The first bonus was paid in 1862, at the rate of 2*s.* After a gap of 2½ years the second was paid, at the rate of 1*s.* Bonus was then paid ten half-years out of fourteen; since which time (in 1872), up to March, 1892, bonus had been paid only five times, and each time at the rate of 6*d.* The last time bonus was paid was in 1885. The reserve fund was then over £400. In March, 1890, it amounted to £272 only; but in March, 1892, it had been increased to £600. The wages paid were about £4,400 per year. In 1890 there were 69 men and youths and 29 women and girls employed. One employé was on the committee; twenty-four of the employés were shareholders, owning £254 of shares and £160 of loans; 287 other individuals owned £12,300 of shares and £4,460 of loans; and fifteen co-operative societies owned £1,450 of shares and £1,570 of loans. Nine-tenths of the business

was transacted with private firms, and one-tenth with co-operative societies. In April, 1890, a strike occurred among the employés, which lasted about a fortnight. The cause was an alleged difficulty in earning sufficient money under the foreman tackler; and on the weavers complaining through their union, the committee asked the work-people to approach them direct<sup>1</sup>. In 1890 the profits amounted to £1,155, and in 1891 they amounted to £1,149. The sales continued to be about £20,000 a year. The value of land, buildings, and plant at the end of 1891 was £10,069.

The last association connected with cotton manufacturing to be noticed is the Hebden Bridge Fustian Manufacturing Co-operative Society. The story of its formation was written in 1888, by Mr. Joseph Greenwood, and has since then been extensively circulated. I shall take this pamphlet as the basis of my brief narrative, but shall supplement it with details sent to me by Mr. Greenwood, Mr. Hartley, and others connected with the society. The origin of the society was of a tragical character. At a Hebden workshop there was employed an old man who was over seventy years of age, and who was unable to carry a piece of cloth, although still able to do the cutting.

‘At the particular factory where we were working it was the custom for each to carry his own piece of cloth from one part of the works to another, about a quarter of a mile away; and we had an understanding among us that we would carry the cloth for the old man. . . . We did this in turn, but, on one occasion, a dispute arose between two persons as to whose turn it was to carry the cloth. During the dispute, the old man went off for his load of work, and after he had brought it in he sat down and died. . . . We gathered round him. There was not another word of anger spoken, nor of recrimination. . . . The old man had a wife, but no children. We were under the necessity of making a subscription to pay the funeral expenses, and, after the funeral was over, we began to talk

<sup>1</sup> *Co-operative News*, vol. xxi. pp. 401, 439.

about forming a sort of friendly society to meet circumstances of this kind <sup>1</sup>.

About thirty of the work-people began to save 3*d.* each per week, with a determination to use the accumulated funds to set up a fustian cutting and dyeing works ; and no one was to be a member unless actually engaged in the trade. The advice was then sought of Mr. John Hartley, one of the founders of the Hebden Bridge distributive society, and, I think, at that time its president. He revised their proposed rules and advised the members to get registered, so as to secure a legal status. These rules were registered under the Industrial Societies Act on September 1, 1870 ; and by resolution of the members the objects of the society were set forth. They were, 'to find employment for its members by the manufacture and sale of fustians ;' and for that purpose to accumulate £1,000, 'by contribution of money, labour and profits.' The resolution further declared that the 'society will aim at the regulation of wages and labour in this branch of trade, but it will not enter arbitrarily into any dispute between masters and workmen. Still it will practically educate its members in the causes which operate for and against them in their daily employment and in the principles that will tend to their elevation and improvement.'

For years Mr. Hartley's house was a rendezvous for the members of the Fustian Society, where 'all the difficulties were talked over and plans were laid for surmounting them.' The £1,000 was a long time in coming by subscriptions from the operatives, and many of the latter, not being 'of the stuff that stands firmly,' withdrew from the enterprise. Thereupon, on the advice of Mr. Hartley, the society was thrown open to the public, and he, among others, at once became shareholders. With Joseph Greenwood as secretary, and John Hartley as president, the society began to flourish. A small room, 10 feet by 10, was rented. A few pieces were bought and given to members to cut. The cost of

<sup>1</sup> Joseph Greenwood's 'Story.'

the cutting was added to the share account of the cutter. The co-operative stores were canvassed for orders, and a few small ones were obtained. 'All the office, warehouse or other work of any kind,' except the cutting, 'was done for love.' At the end of 1870 the society had 95 members, £83 of capital, £55 of sales, and a profit of £3. In canvassing the societies, it was discovered that there was very little trade for piece goods, but a large trade for ready-made clothing. It was therefore determined to add this branch of trade to the fustian cutting. A sewing machine was bought, a tailor cutter was engaged, and work was given out to be made up at home. In June, 1871, the increase of business caused the society to take larger premises, at a rent of £13 per annum; and to prevent delay the fustian-cutting was done at the works instead of at the houses of the operatives. Through the agency of Mr. Lloyd Jones, the English Wholesale Society opened an account with them, and Mr. Greenwood stated that it 'is still one of the main sources of our trade.' The Scottish Wholesale Society soon afterwards became agent for Scotland. For the half-year ending June, 1871, a dividend of 10 % per ann. was declared on share capital; and for the next three half-years the dividends were at the rate of 12½ %. In December, 1871, the first bonus to labour, at the rate of 1s. in the pound of wages, was declared, and this rate was again declared for the following half-year. In July, 1873, the rate of interest to share capital was limited to 7½ % per ann. In 1877 the share list was closed to individuals, but left open to co-operative societies, and withdrawable shares were, for the first time, issued to the work-people. This alteration was caused by 'a great abuse of the labour rule. Employés, having left the service of the society, and owning one or two shares, which that privilege had given them, were pestered and tempted to dispose of them at high premiums.' They were so tempted because the buyer of one share at a premium could, as soon as he became a shareholder, take up 99 shares at par, bearing interest at the rate of 7½ % per ann.; because the rules

of the society allowed at that time all shareholders who had not taken the full 100 shares to do so, although the share list had been closed to outside individuals. An effort was also made to repeal the rule giving 'bonus to labour'; but this effort, after causing great excitement and dissension, was defeated. In 1885 it was decided to issue no more shares bearing interest at  $7\frac{1}{2}\%$ , but to issue B shares bearing interest at  $5\%$ ; and, after repeated attempts which had ended in failure, in January, 1890, the interest on all shares was reduced to a uniform  $5\%$ .

The steady increase of trade made the hired premises too small for the requirements of the society, and in 1873, by the aid of a loan from the Wholesale, it was decided to purchase the Nutclough estate for £5,650. A further expenditure for alterations and machinery was incurred of £3,514. 'There was a stream of good, soft water, a little four-storied mill, a good waterfall, engine and boiler, a good residence and about four acres of land.' Dyeing and finishing were now added to the other departments of the society, and the custom of merchants had to be solicited. 'The trade of the merchants was not quite so difficult to get as had been our other trade,' said the history, for customers of this class 'knew exactly what they wanted and when they were well served.' Up to taking Nutclough the society 'had a trade connexion with 130 societies,' and were employing 24 persons. In 1874, after they had got into the new premises, they were employing 36 women and 18 men, making a total of 54. With the exception of the excitement when the bonus principle was threatened, and the friction created by the question of the rate of interest on shares question, the society has had a steadily prosperous and uneventful career. Extensions were occasionally made to the premises, until a visitor would not be able to recognize in the present Nutclough works the small original mill that was purchased by the society in 1873. In 1886 weaving was added to the other departments, so that, with the exception of



spinning, the society performs on its own premises all the operations of manufacturing until a suit of fustian is ready to be worn by the individual co-operator. The statistics of the society in June, 1890, were: share capital, £21,309, of which 252 co-operative societies owned £9,309, 222 workers owned £4,284, and 195 other individuals, including past workers, owned £7,716. The sales for the year ending June, 1890, were £8,623 to private firms, and £27,422 to co-operative societies, making a total of £36,045. The loan capital amounted to £9,027, for which  $3\frac{3}{4}\%$  interest is paid. The profits for the forty-first half-year, ending December, 1890, amounted to £1,666, after paying interest on loans, and allowing for depreciation the sum of £371. This profit was divided as follows: to shareholders, at the rate of 5% per ann., £535; to members on their purchases, at the rate of 9d. in the pound, £489; to non-members, at half this rate, £48; to labour, at the rate of 9d. in the pound on wages, £219; to the educational fund, £30; to the reserve fund, £200; to the insurance fund, £200; and carried forward, £45<sup>1</sup>. Neither purchasers nor workers can withdraw their profits until they have £20 share capital in the society. No employé is allowed to be on the committee of the society. Out of forty-one half-years, bonus to labour had been paid in thirty-three. The omissions were in the first two half-years, in the June half of 1877, in the two halves of 1878, in the December half of 1879, in the June half of 1881, and in the December half of 1884. Twice the bonus has been at the rate of 3d. in the pound, fifteen times at 6d., fourteen times at 9d., and twice at 1s. The interest on share capital has always been met out of each half-year's profits.

The 'coming of age' of the Hebden Bridge Fustian Society was celebrated on September 23 and 26, 1891, by a series of conferences, meetings, tea-parties and entertainments, at which all shades of co-operative opinion were

<sup>1</sup> *Co-operative News*, vol. xxii. p. 70.

represented to do honour to the occasion<sup>1</sup>. Since then the society has continued its career of success. The sales in 1891 were £39,247, and the profit was £3,637. Both the customers and employés received a bonus of 10½*d.* in the pound on their purchases and wages, the total amounts being £1,277 and £527 respectively. The share capital was £22,878, the loan capital was £8,979, and the reserve funds were £3,033. The value of land, buildings, and plant stood at £24,438<sup>2</sup>. For the half-year ending June, 1892, the profit was £2,233; and the bonus paid to the employés and customers was increased to 1*s.* in the pound. The wages paid during the half-year amounted to £5,995. The total membership of the society at this date was 751, composed of 271 societies, 287 employés and 193 other individuals<sup>3</sup>. For the half-year ending December, 1892, the profit was £2,865, which not only allowed the payment of a dividend of 1*s.* in the pound on purchases and wages, but the appropriation of £1,100 to the insurance reserve, and ordinary reserve funds. A special report by the auditors stated that the total depreciation written off the value of fixed stock equalled 30 % of the cost<sup>4</sup>.

Giving evidence before the Labour Commission, Mr. Joseph Greenwood, the manager of the Hebden Bridge Fustian Society, defined 'co-operative production to mean the carrying on of any industry in the interests more particularly of the workers who are employed therein, so as to obtain for them a larger share of the results arising from their labours, and to give them a more direct interest in their work.' In the course of cross-examination he admitted that the Hebden Bridge Fustian Society did not come under the definition; but he asserted that the society gave better wages than other firms, and gave more continuous employment. He also pointed out

<sup>1</sup> *Co-operative News*, vol. xxii. p. 998.

<sup>2</sup> *Co-operative Congress Report*, 1892, p. 172.

<sup>3</sup> *Co-operative News*, vol. xxiii. p. 803.

<sup>4</sup> *Ibid.*, vol. xxiv. p. 103.

the educational work done for the employés, and the sanitary precautions taken for the benefit of their health. The society employed both unionists and non-unionists : and Mr. Greenwood stated there had 'never been any strike or serious difference in regard to wages or other matters <sup>1</sup>.'

<sup>1</sup> Minutes of Evidence, Labour Commission, October 26, 1892, pp. 62, 66, 67 and 70.

## CHAPTER XVII.

### WOOLLEN FACTORIES.

By seniority and success, the Paisley Co-operative Manufacturing Society demands the first place in this section. On its twenty-fifth anniversary, Mr. A. M'Naught, the manager of the society, narrated to the shareholders the history of its struggles and progress. Of this narrative, as published in the *Paisley Express* of July 25, 1887, I have made the following summary.

The decision to form a manufacturing society was made at a meeting held on September 2, 1862. Seven persons, all of whom were weavers, were appointed a committee to carry out the resolution. They held their first meeting in the office of the Paisley Provident Society, of which society all the committee were members. One of this committee, Mr. Peter Ritchie, had the satisfaction of being present on the twenty-fifth anniversary to celebrate the success of the society. At the time of starting, the work was all hand-loom weaving; and by November 10, 1862, the society sent its first piece of cloth to be finished. The house of its secretary, Mr. W. Johnstone, was used both as a warehouse and for committee meetings, until May, 1864, when a warehouse was taken at No. 2, Gauze Street, for a period of three years.

For the half-year ending January, 1864, the committee recommended a dividend on share capital of '5s. in the pound.' This, together with interest at 5% previously allowed, made the enormous return of 55% per ann. to the

shareholders. Such a rate of dividend was too good to last. In June, 1865, one of 2s. 6d. in the pound was declared ; and in the next half it was 2s. 3d. The committee acted as salesmen and travellers, spending their Saturday afternoons in pushing trade with societies and with private drapers. The sales for the December half of 1865 amounted to £750.

In June, 1866, the dividend on share capital fell from 2s. 3d. to 5d. in the pound. This caused alarm, and some of the members were very anxious to sell their shares. In 1867 matters became worse, for there were no profits. In 1868 it was decided to share profits with the purchasers in future—‘thus for ever putting an end to 30 and 50 % dividends to the shareholders.’ The adoption ‘of dividend on purchases was shortly afterwards followed by dividend on wages.’

Increased trade caused the society to remove from Gauze Street to No. 14, St. Mirren Street ; and from thence to No. 7, St. Mirren Street. Up to 1870 there were no society shareholders ; but in that year the Paisley Equitable took up one share. After a time its investment was increased to eleven, and afterwards to one hundred. At the end of 1873 five English and nineteen Scotch societies had become shareholders. In 1870 the share and loan capital amounted to £1,177, and the sales were £2,463. In 1880 the share and loan capital had increased to £6,128, and the sales were £6,848. In 1887 the shares amounted to £11,433, and the sales to £26,813. The share capital was owned by 137 societies and 215 individuals.

In 1875 the society purchased the premises at 114, Causeyside Street, using only the ground-floor, and letting out the remainder. But in a short time it occupied the whole. At these premises, the society appears to have only done the warping ; all other classes of work being given out to be done for it ; the yarn being bought, the dyeing being done by private firms, and the weaving being done at the homes of the employés of the society. The articles

manufactured are plaids, shawls, costume cloths, wool and union shirts and shirtings, carpet quilts, men's clothing, &c.

In October, 1888, the general meeting decided that it would be 'in harmony with the growing importance and dignity of the movement that the society should own—not rent—its business premises.' An acre of ground was feued in Colinslee, and a weaving shed and warehouses were erected at a cost of £6,000, including boiler, engine, winding machines, and forty-eight looms. These premises were opened on April 12, 1890, when the following statistics of the progress of the society were given: In the past seven years, the sales had amounted to £178,000, the profits to £13,000, the bonus to labour to £1,425, and the donations to charities to £188<sup>1</sup>.

On August 9, 1890, the members' meeting decided to further extend their factory, so as to provide accommodation for 143 additional looms, and the necessary winding and other auxiliary machinery, at an estimated cost of £4,235<sup>2</sup>. The balance sheet for the half-year ending June 30, 1890, showed that the sales amounted to £41,764 for the year, or double the amount of sales five years previously. After paying 5 % interest on share capital, the profits for the year amounted to £2,928, which were divided as follows: £383 to share capital, being about an additional 5 % per ann.; £2,099 to purchasers, on £41,764 of sales, or equal to rather more than 1s. in the pound; and £296 to the employés, on £6,011 of wages, or rather less than 1s. in the pound. Mr. Munro has supplied me with a few additional details. There were in 1890, 172 employés, of whom 53 were employed at home in hand-loom weaving, winding, shirt-making, &c., for want of accommodation in the works. Twenty of the employés were shareholders, owning £139 of capital; 175 societies owned £5,735 of share capital; and 342 individuals owned the remaining £2,689 of share capital. All shares are transferable. The loan capital

<sup>1</sup> *Co-operative News*, vol. xxi. p. 366.

<sup>2</sup> *Ibid.*, vol. xxii. p. 153.

amounted to £10,983, for which interest at 4 % per ann. is paid. The reserve fund amounted to £943; and the 'bonus fund' amounted to £407. Three employes were on the committee. Each individual shareholder has one vote; and each society shareholder has an additional vote for every £50 of share capital owned by it. In the year ending June, 1890, £39,422 worth of goods were sold to co-operative societies, and £2,343 worth were sold to private firms. For the half-year ending December 31, 1890, the sales amounted to £24,471, and the net profits amounted to £2,282. A dividend was declared at the rate of 1s. 4d. in the pound on wages and sales, and of 8d. in the pound on shares. The latter sum was equal to  $11\frac{2}{3}$  % per ann. on share capital, when the fixed interest was included<sup>1</sup>. In 1891 the profits amounted to £3,630, on sales for the year amounting to £48,361. Workers and customers received a bonus of 1s. 7d. in the pound, and share capital received £1,073, or equal to 9 % per ann., in addition to the usual 5 % per ann. About £6,000 had been expended in extensions, and 93 looms were 'fully employed.' In 1892 the sales were £53,938, and the profit was £4,564<sup>2</sup>.

The relations between the Paisley Manufacturing Society and the Scottish Wholesale Society were a little complicated for some time, owing to the former insisting upon doing its trade with societies in a manner which the latter did not approve. An arrangement of a mutually satisfactory character was, however, arrived at in the latter end of 1892<sup>3</sup>.

On February 13, 1892, a special general meeting of the shareholders was held to consider the following proposal—'That no servant in the society shall serve any office in the committee of management, or be an auditor, on any account whatever.' 171 voted for the motion, and 114 against it.

<sup>1</sup> *Co-operative News*, vol. xxi. p. 832.

<sup>2</sup> *Ibid.*, vol. xxii. p. 201, vol. xxiii. pp. 152 and 946, vol. xxiv. p. 102, and Co-operative Congress Report, 1892, p. 174.

<sup>3</sup> *Ibid.*, vol. xxii. p. 1190, and vol. xxiii. p. 982.

As a two-thirds majority of those voting had to be obtained to ensure an alteration of rule, the motion was lost <sup>1</sup>.

In the early part of 1891, the society had a dispute with the tailors in its employ, and at the shareholders' meeting held in May, the 'committee submitted a special report with reference to the employment of female labour in the tailoring department.' The Scottish Wholesale Society was asked to help the Paisley Society in its difficulty by executing work for it. While the directors of the Scottish Wholesale Society declined 'to have anything to do with the dispute,' they intimated 'that all orders which came in the ordinary way, as from other societies, would meet with consideration.' This dispute led to the Paisley Manufacturing Society employing non-unionists; and the contention was kept up until September 27, 1892, when the Paisley Trades Council received the report of a deputation appointed to wait on the directors of the Paisley Manufacturing Society, which was to the following effect: 'They had been very cordially received by the directors, who had in every way satisfied them that the rate of wages paid by the society was the same as that demanded by the Tailors' Union. The directors regretted that any misunderstanding should have arisen between themselves and the Tailors' Society, and promised to use their influence in getting the men at present employed in their workshops to join the Union <sup>2</sup>.'

It will, perhaps, be of service to refer here to the relations existing between trades unions and co-operative societies. The late Lloyd Jones strenuously advocated the mutually cordial working of these two bodies. With a view to this, the Co-operative Union sent a deputation to the Trades Union Congress, held in Glasgow in 1875; and in 1876 the trades unionists sent a return deputation to the Co-operative Congress<sup>3</sup>. Since then the interchange of deputations between the two bodies has continued each year.

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 176.

<sup>2</sup> *Ibid.*, vol. xxii. pp. 479, 582, and vol. xxiii. p. 1119.

<sup>3</sup> Co-operative Congress Report, 1876, p. 24.



Sometimes the reception of the deputations was not of the most friendly character, especially at the Trades Union Congresses, where accusations of bad treatment of employés and the dealing in goods produced by sweaters, were freely made against co-operators. The latter replied that many trade unionists were among the worst in their eagerness to buy cheap goods from sweaters. They also pointed out that the principles of co-operation were against such practices ; and if the practice did exist in any co-operative society, all that trade unionists had to do was to become members of the society, and use the powers they would then possess, as masters, to put a stop to the evils.

At the Co-operative Congress held in 1883, at Edinburgh, Mr. John Burnett (now chief labour correspondent at the Board of Trade), on behalf of the trade unionists, and I, on behalf of the co-operators, prepared the following resolution :

‘That this Congress recommends the United Board to appoint a committee from their body to periodically meet and confer with a like committee which may be appointed by the Trades Union Congress, with a view to prevent and arrange disputes between co-operative employers and employés, to bring about that perfect understanding which ought to exist between those influential working-class organizations, and to effect a more rapid development of co-operative production<sup>1</sup>.’

This resolution was adopted by the Co-operative Congress, and a similar resolution was adopted by the Trades Union Congress, which met a few months later. The joint committee, which was thus constituted, met for several years—but practically had no work, as the trades unions and the co-operative societies preferred to settle their disputes without referring them to the arbitration of a central body. In 1892 the committee was again appointed ; but, I believe, it had no work referred to it during that year.

Largely owing to the friendly relations existing between

<sup>1</sup> Co-operative Congress Report, 1883, p. 44.

the head executives of the two bodies, the trades councils and other trades union centres have gradually become more and more associated with the co-operators; and when questions arise between unionists and co-operators, they are usually taken in hand by the official representatives of the two bodies, and settled to the mutual satisfaction of both sides. Thus in March, 1892, the Scottish Operative Tailors' Convention formulated certain charges against the Scottish co-operative societies. The Scottish section met the charges; and the Tailors' Union excepted first one and then another society from their charges, until it seemed that the only ground for them was the unfortunate dispute with the Paisley Manufacturing Society; and the settlement of this dispute appears to have taken away all cause for complaint by the tailors against co-operators<sup>1</sup>. Similarly at Bristol in 1892, differences between the co-operative societies and the Bakers' Union were settled by friendly discussion between the bodies affected and the Bristol Trades Council; and the same sort of thing occurred with the tailors at the Barnsley Co-operative Society, in September, 1892<sup>2</sup>. Such a friendly practice between two democratic powers cannot be too much commended, and cannot be too generally copied.

The Commercial Co-operative Society, Idle, Yorkshire, was registered under the Industrial Societies Act in 1866. It originated among a few working men, chiefly hand-loom weavers—

‘and scarcely one of them possessed a knowledge of business and accounts. Unintentionally, as so often happens under similar conditions, its prosperity was exaggerated, and dividends were at times declared which, there is good reason to believe, had not been earned. . . . While the directors were manfully struggling to rectify the errors they had committed, . . . a mill, which had only been in the society's possession a few weeks, and which, when transferred to them, was insufficiently insured,

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 235, 285, 346, 505 and 752.

<sup>2</sup> *Ibid.*, pp. 1057 and 1214.

was burned to the ground. Incendiarism was at the time suspected. At a time when it could ill afford the loss, the young association thus suffered to the extent of £1,000.<sup>1</sup>

Two years afterwards, their fourteenth half-yearly report, dated June, 1873, showed that 'the dogged obstinacy which so universally characterizes the people of the north,' had to some extent pulled the society round. It had done a trade for the half-year of £3,114, on which a net profit of £166 had been realized. Out of this, £72 was devoted to clearing off a loss through the default of Robert Stephens (of the Central Agency), who was a debtor to this, the Paisley Manufacturing, and some other productive societies. The share capital amounted to £3,523, and was owned by 420 individuals. The loans amounted to £1,467, and the fixed stock was valued at £3,426<sup>1</sup>.

On July 30, 1873, the half-yearly meeting was held, when a dividend at the rate of 5 % per ann. was declared, being the first that had been paid for over two years. At a special meeting, held the same evening, the rules were altered. A few societies had just become shareholders, and it was decided to allow them representation at the rate of one delegate for each £100 of share capital or fraction thereof. It was also decided to limit in the future the remuneration of share capital to 7½ % per ann., and divide the remaining profits equally on the amount of purchases and wages<sup>2</sup>.

The productions of the Idle Society comprised broad cloths, ladies' cloths, shirtings, flannels, table covers, and blankets.

With the exception of the next half-year, when a dividend of 7½ % was declared on share capital, the society made no profits. It struggled hard for a couple of years, but in September, 1876, it was compelled to go into liquidation<sup>3</sup>. The Central Board reported that 'it ought not to have failed. It had the misfortune of succumbing at a time

<sup>1</sup> *Co-operative News*, vol. iii. p. 374.

<sup>2</sup> *Ibid.*, vol. iii. p. 424, and Congress Report, 1874, p. 113.

<sup>3</sup> *Ibid.*, vol. vii. p. 569.

when it was doing a good business, and had indeed more orders than it could execute, in consequence of a weight of debt incurred in previous years, which formed a burden greater than it could support.' Mr. Swallow, who was a shareholder for a few months prior to its dissolution, supplemented the above report at the Congress, saying, 'it failed for want of right management and a proper system of bookkeeping<sup>1</sup>.'

Speaking of the quality of their productions, Mr. John Shillito, writing to me in 1888, said :

'The Idle Society put together some very good fabrics. I have blankets on my beds that we have used for over twenty years, and they seem to be very little the worse for wear. We also have some garments that were made from their woollen cloth that have worn well. Notwithstanding the good value of the cloth they made and sold at reasonable prices, they had great difficulty in getting the store buyers to try their goods.'

Among other attempts that ended in failure was a society at Stanningley, Yorkshire, which was registered in 1864. It manufactured plain and fancy woollen cloths, and in 1871 numbered 163 members, with £1,276 of share capital and £1,329 of loans. Its sales for the year were £6,128, on which a profit of £265 was realized. In 1872 the sales were reduced to £3,023, and the profit was nil. In April, 1873, the society was dissolved<sup>2</sup>.

At Staincliffe, Heckmondwike, there was a small society which was registered in 1866, as the Heckmondwike Co-operative Manufacturing Society. It made flannels and blankets, and exhibited some of its productions at the first Co-operative Congress of the present series, held in 1869<sup>3</sup>. In 1871 the society numbered nine members, one having withdrawn during the year. It had £96 of share capital, and £70 of loans. Its sales for the year amounted to £687, and it realized a net profit of £6. The fixed stock

<sup>1</sup> Congress Report, 1877, pp. 25 and 36.

<sup>2</sup> Registrar's Returns, 1871, p. 54; 1872, p. 54; and 1874, p. 66.

<sup>3</sup> Congress Report, 1869, p. 102.

was written down to £18. In 1873 the society removed to Healey-lane end, Batley, and for that year its profit was £9. It was dissolved in 1874<sup>1</sup>.

Perhaps the formation of the Batley Manufacturing Company Limited, which was registered in 1871 under the Joint Stock Companies Act, with a nominal capital of £30,000, in £5 shares, had something to do with the collapse of the smaller efforts. The prospectus of this company stated that the directors were foremen, overlookers, and others, practically acquainted with a knowledge of woollen manufactures; and it was proposed to acquire land, buildings, and machinery, to carry on the business of woollen manufacturers. The shares were to be paid up at the rate of 2s. 6d. per month, and working men especially were invited to become shareholders<sup>2</sup>.

A considerable amount of co-operative money was invested in the Batley Company, but it never became a success. It made an arduous fight for existence up to November 7, 1883, when it was decided to wind-up; Mr. Barstow (of the Dewsbury Society) and Mr. Childe (of the Batley Society) being appointed, with Mr. Popplewell (the secretary of the company), as joint liquidators. The Co-operative Wholesale Society was interested as a mortgagee, and the premises are now utilized as the Batley woollen cloth mill of the Wholesale Society<sup>3</sup>.

Under the heading of 'Signs of Progress in Yorkshire,' the *Co-operative News* reported on August 30, 1873, that 'the Heckmondwike and Halifax Co-operative Societies have just made arrangements for the purchase of the extensive freehold mills, property, stock-in-trade, machinery, plant and effects of Messrs. M. Swallow and Son, the eminent carpet, blanket and rug manufacturers, of Heckmondwike.' The new association was registered under the Joint Stock Companies Act as the Heckmondwike Manufacturing Company Limited. Its capital was to consist of 20,000

<sup>1</sup> Registrar's Returns, 1871, p. 54; 1873, p. 52; and 1874, p. 66.

<sup>2</sup> *Co-operative News*, vol. i. p. 178.

<sup>3</sup> *Ibid.*, vol. xiv. p. 995.

£5 shares, and £76,000 was to be paid for the property. Mr. Thomas Redfearn was the secretary; and among the directors were Mr. James Crabtree (Heckmondwike), and Messrs. Shillito and Whitely (of Halifax)<sup>1</sup>.

This enterprise was undertaken to prevent a disaster to the people of Heckmondwike by the closing of the works, and the consequent throwing out of employment of several hundred persons. At a meeting held in Heckmondwike, on September 11, 1873, it was said by the chairman (Mr. Crabtree), that 'it was rather an unfavourable time to start a new company, but they intended to feel their way very carefully at the commencement, and not rush headlong into an unknown business.' There were two schemes before the committee 'for giving bonus to labour—one was that after paying  $7\frac{1}{2}\%$  upon capital they should divide any remaining profit amongst the workmen; and the other scheme was to first pay  $10\%$ '<sup>2</sup>.

The starting of the company was not very auspicious, for in December, 1883, they had a fire which caused a loss of £1,123, besides the indirect loss caused by the stoppage of the works; and a sufficient insurance had not been effected. Notwithstanding this drawback, the company cleared £3,197 in the first year's working, after making good the loss by fire and writing off a proper depreciation. From this profit, a dividend at the rate of  $7\frac{1}{2}\%$  per ann. was declared. The paid-up share capital, at the rate of £3 per share, was £63,487<sup>3</sup>.

In 1878 bad times compelled the directors to close the Wellington Mills. The machinery at Croft Mills was re-arranged 'for the manufacture of carpets, rugs and coloured goods,' and the blanket manufacture was abandoned. The loss on the year's business absorbed the reserve fund, and left 'a deficiency of £1,009.' One thousand two hundred and sixty shares were cancelled, as the required contributions had not been paid upon them; and

<sup>1</sup> *Co-operative News*, vol. iii. pp. 438 and 439.

<sup>2</sup> *Ibid.*, vol. iii. p. 455.

<sup>3</sup> *Ibid.*, vol. vi. p. 99.

the profit of this operation was carried to the reduction of bad debts<sup>1</sup>. In 1880 the company managed to clear off its losses and pay a dividend of 5 %<sup>2</sup>. The dividend for 1881 was only 2½ %<sup>3</sup>; and since then the dividends have fluctuated from 2 % to 5 % per ann. In 1886, Mr. James Crabtree resigned his position as manager, which he had held from the commencement of the company. In 1887, a reserve fund was once more created with an appropriation from the profits of £500. Another £500 was added at the end of 1888, and another at the end of 1890. In 1888, it was decided to go into the Brussels carpet trade<sup>4</sup>, and for this purpose 20 looms were fitted up. Fully £30,000 of the share capital is owned by the three distributive societies of Halifax, Leeds, and Heckmondwike<sup>5</sup>. The assets appear to have been very much improved in value, by the prudence of the directorate in charging freely to revenue items that might fairly have gone to swell the fixed stock account. At the annual shareholders' meeting, held on January 14, 1891, the chairman said that while 'the machinery had been depreciated at the rate of 6 % per ann., they had, in addition, expended during the year £1,161 in repairs. They considered that . . . to renew the plant would cost more than double the value set down in the balance sheet<sup>6</sup>.' The report for the year 1890 showed a net profit of £4,345. Out of this a dividend of 5 % was paid; and after carrying £500 to the reserve, as before mentioned, a balance of £816 was left 'to the credit of the next year's profit and loss account.' The share capital was £70,175, and the sales for the year amounted to £56,781. The Brussels carpet plant was said to be 'in full working order, and the orders in that department are coming in freely<sup>7</sup>.' In 1891 the profit was £3,865, £500 was again

<sup>1</sup> *Co-operative News*, vol. x. p. 91.

<sup>2</sup> *Ibid.*, vol. xii. p. 68.

<sup>3</sup> *Ibid.*, vol. xii. p. 60.

<sup>4</sup> *Ibid.*, vol. xviii. p. 98; vol. xix. p. 35; and vol. xx. p. 41.

<sup>5</sup> *Ibid.*, vol. xx. p. 41.

<sup>6</sup> *Cleckheaton Guardian*, January 16, 1891.

<sup>7</sup> *Co-operative News*, vol. xxii. p. 39.

placed to the reserve fund, and a 5 % dividend was also once more declared. Exactly the same course was adopted for the year 1892, the profit for that year having been £3,819, and the sales £53,699. The wages paid amounted to £17,004, and the nominal value in the balance sheet of land, buildings, and plant was £45,517<sup>1</sup>.

On November 9, 1871, a public meeting was held in the room of the Windhill Society, to consider the advisability of starting a co-operative productive society. Reference was made to 'the large profits realized by the co-operative mills in Lancashire,' and a committee of inquiry was appointed. Another meeting, which was crowded, was held on December 7, 1871, when a draft prospectus was submitted and accepted. It was agreed to register under the Industrial Societies Act, and that 'a prominent feature in the concern should be the payment of bonus to labour as well as on capital<sup>2</sup>.'

The society was registered in 1872 as the Airedale Co-operative Worsted Manufacturing Society, and at the beginning of March, 1873, the secretary reported that they 'had taken room and power in Bradford for sixty looms; they have begun to manufacture worsted stuff goods, . . . and have secured the services of a thoroughly practical man—an old co-operator—as manager.' The rules provided that after writing 10 % per ann. off the value of fixed stock, 5 % per ann. was to be allowed to share capital, and the remainder of the profits were 'to be divided rateably between capital, labour and purchasers,' thus giving all 'persons employed by the society an interest in its economical management and ultimate success<sup>3</sup>.'

The balance sheet submitted to the members' meeting, on August 9, 1873, showed that the number of members was 119, of whom four were societies. The share capital amounted to £1,094; and after paying 5 % interest on this,

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 37, and vol. xxiv. p. 23.

<sup>2</sup> *Ibid.*, vol. ii. p. 28.

<sup>3</sup> *Ibid.*, vol. iii. p. 105.



there remained a profit of £31 16s. 11½d., out of which a bonus was declared of 2½ % on the capital and on wages paid. A balance of £13 17s. 5¼d. was applied to the reduction of formation expenses<sup>1</sup>.

‘For some years the society had a severe struggle for existence, its financial position being anything but enviable. Serious mistakes were made in its early management, and much indifference had to be overcome<sup>2</sup>.’ Only once in the six years up to 1880 does the registrar’s return show that any profits were made. The profitable year was 1876, when £536 appears to have been made. The number of members was then 137; the sales for the year were £6,277; the share capital was £964; and the loans amounted to £283<sup>3</sup>. The losses up to date appeared, by the Registrar of Friendly Societies’ Returns, to have been written off share capital, as in 1875 this item stood at £1,582, while the assets showed a deficiency when compared with liabilities of £522<sup>4</sup>. But Mr. Lambert, of the Airedale Society, has assured me that this was an error. The profits in 1876 were £536; and at the end of that year there was still a deficiency of £80 to make good.

Since 1881, the society has steadily increased in prosperity, and has uniformly made good profits. A greater inducement to capitalists appears to have been given, by increasing the minimum rate of interest on shares to 7½ % per ann.; and customers were conciliated with an allowance of bonus from remaining profits, at the same rate per pound as on capital and wages. For the half-year ending December, 1881, besides interest at the rate of 7½ % to the shareholders, a bonus of 4d. in the pound was thus declared on shares, wages, and purchases. In the same half-year a special depreciation of £100 was written off fixed stock, reducing

<sup>1</sup> *Co-operative News*, vol. iii. p. 409.

<sup>2</sup> Guide to Co-operative Exhibition at Lord Aberdeen’s, July, 1888, p. 27.

<sup>3</sup> Registrar’s Returns, 1876, p. 24.

<sup>4</sup> *Ibid.*, 1875, p. 54.

the nominal value to £298<sup>1</sup>; and in 1883, the committee brought the society abreast of the times by selling 'a portion of the old machinery and replacing it with new<sup>2</sup>.'

The position of the society at the end of 1889 was as follows: There were 242 members, with £2,905 of share capital. The loans were £442, and the reserve fund stood at £534. The sales for the year were £10,567, and the profit on them amounted to £760. Of this profit £394, equal to 13 $\frac{3}{4}$  %, were paid to shareholders; £321, equal to 7 $\frac{1}{2}$ d. in the pound, were paid to purchasers; and £29, equal to 7 $\frac{1}{2}$ d. in the pound, went to the workers. The fixed stock stood at the nominal value of £337<sup>3</sup>. For the half-year ending December, 1890, the sales were £5,126, being an increase of £719 over the corresponding period of 1889. With the exception of £111, all the sales had been made to co-operative societies. The profit was £273, and, besides paying interest at the rate of 7 $\frac{1}{2}$  % per ann., a dividend of 5d. in the pound, equal to another 4 $\frac{1}{8}$  % per ann., was paid on shares. Wages and purchases also received a dividend of 5d. in the pound<sup>4</sup>. Loans only receive 3 $\frac{3}{4}$  % per ann. interest, in pursuance of a resolution of a members' meeting held in 1888<sup>5</sup>. In 1891, the sales amounted to £13,463, and the profit to £935. The shareholders received a dividend of 14 % for the year, and the workers and customers received a bonus of 8d. in the pound on wages and purchases respectively. The year 1892<sup>6</sup> gave almost the same results in sales and profit, and the dividends were exactly the same. The balance sheet for December 31, 1892, showed the share capital to be £3,282 and the reserve fund £661.

<sup>1</sup> *Co-operative News*, vol. xiii. p. 84.

<sup>2</sup> *Ibid.*, vol. xiv. p. 690.

<sup>3</sup> Congress Report, 1890, p. 152.

<sup>4</sup> *Co-operative News*, vol. xxii. p. 117.

<sup>5</sup> *Ibid.*, vol. xix. p. 775.

<sup>6</sup> Co-operative Congress Report, 1892, p. 172.

Mr. Lambert, the secretary, has kindly supplied me with some additional details. There were in 1890 twenty-one employés, all of whom worked on the premises. Fourteen of these were shareholders, and they owned £161 of share capital; 109 societies owned £1,655 of share capital; and the remaining amount, £1,089, was owned by 119 individual shareholders. With the exception of £227, all the sales in 1889 were made to co-operative societies. The rules prohibit an employé from being a committee-man.

One of the efforts made in Scotland was the formation of the Oak Mill Company. The prospectus was issued in October, 1871. The capital was to be in £1 shares. It was to receive 5% interest, and the remaining profits were to be 'divided at so much per £1 equally between capital invested and wages earned.' The promoters asserted that

'wherever this system has been even partially adopted and honestly carried out the result has been of the most satisfactory nature. Strikes and lockouts have been superseded by a truer understanding of the mutual interests of employers and employed, concentrating individual energy and carefulness, thereby promoting the stability and increasing the prosperity of the undertaking<sup>1</sup>.'

Rules were adopted and a committee elected at a shareholders' meeting held in Glasgow on March 9, 1872. Among the officers were John Borrowman and James Barrowman<sup>2</sup>. At a subsequent meeting held on June 8, 1872, it was decided to commence business at Tillicoultry<sup>3</sup>, and on January 2, 1873, it was reported that 1½ acres of ground had been secured at an annual rental of £16 per acre, on which it was decided to build a mill 'capable of holding two sets of spinning machines, and twenty or twenty-five looms.' The exact branch of business to be taken up was,

<sup>1</sup> *Co-operative News*, vol. i. p. 101.

<sup>2</sup> *Ibid.*, vol. ii. p. 136.

<sup>3</sup> *Ibid.*, vol. ii. p. 316.

after a long discussion, left for the decision of a future meeting<sup>1</sup>.

The progress of the society was slow. Early in 1874, the advisability of amalgamating with the Paisley Manufacturing Society was discussed<sup>2</sup>; but the project fell through. By the end of August, 1874, the share capital amounted to £4,382, but of this only £2,385 was paid up. At the shareholders' meeting on the 22nd of this month, the committee were empowered to make either stocking, tweed, or shawl yarns<sup>3</sup>; and in September, 1875, manufacturing was commenced<sup>4</sup>. The position of the society at the end of the year was as follows: 275 members, £3,885 of paid-up share capital, £4,670 of loans, £7,712 of buildings and fixtures, and sales £213<sup>5</sup>.

The sales of the society in 1876 amounted to £1,775, in 1877 to £2,436, and in 1878 to £1,977. For the latter half of 1876 'the committee were able to declare a profit sufficient to give a bonus on share and loan capital.' This was while the mill was only partially fitted with machinery, and early in 1877 it was reported that 'another set of machinery is being fitted up<sup>6</sup>.' At the end of 1878 the share capital stood at £4,154, and the loans at £6,894.

The stocking yarns produced by the Oak Mill were pronounced to be 'as good as any in the market, and cheaper<sup>7</sup>;' but the society could not succeed, and in its report to the 1881 Congress, the Scottish Section of the Central Board recorded the failure of the society, adding that the failure 'will retard the progress of productive co-operation in Scotland for a considerable time<sup>8</sup>.'

The Leeds Woollen Cloth Company was registered under the Joint Stock Companies Act, on November 11, 1872.

<sup>1</sup> *Co-operative News*, vol. iii. p. 17.

<sup>2</sup> *Ibid.*, vol. iv. p. 40.

<sup>3</sup> *Ibid.*, vol. v. p. 116.

<sup>4</sup> *Ibid.*, vol. vi. p. 536.

<sup>5</sup> Registrar's Returns, 1875, pp. 78-9.

<sup>6</sup> Congress Report, 1877, p. 33.

<sup>7</sup> *Co-operative News*, vol. xi. p. 85.

<sup>8</sup> Congress Report, 1881, p. 41.

Among the signatures to the articles of association were William Bell and William Swallow. The articles provided that share capital should receive 10 % per ann. out of the profits, and the 'residue' was to be divided into three equal portions—one to go to share capital, one to the employes in proportion to wages, and one to those customers who were either co-operative societies or shareholders in the company, in proportion to the amount of their purchases. The principle of 'one man one vote' prevailed; but societies and companies who were shareholders were to have 'at least one representative who may attend the meetings of the company, and be possessed with privileges equal to a shareholder.' The articles, so far as I can make out, left it an open question, how many more than one person a shareholding society could appoint to represent it. The shares were £5 each.

Mr. Swallow has told me that the shareholders were mostly members of the Leeds Industrial Society; and this society, at a meeting held on August 28, 1872, requested the directors, 'by an overwhelming majority, to take up 200 shares of £5 each' as soon as the company was registered<sup>1</sup>.

At a shareholders' meeting of the Woolien Cloth Company, held on January 18, 1873, in the Industrial Society's Hall, Leeds, it was reported that 649 shares had been taken up, and that the expenses of forming the company, including the registration fees, amounted to £33 5s. 2d. This amount was almost cleared off by the entrance fees<sup>2</sup>.

The early years of the company's existence showed a fair measure of success, the Leeds Industrial Society helping it by establishing a ready-made clothing department<sup>3</sup>. On October 29, 1875, an 'enthusiastic and numerously attended meeting,' presided over by Mr. Bell, had the pleasure of declaring a dividend at the rate of 5 % per ann. The directors

<sup>1</sup> *Co-operative News*, vol. ii. p. 461.

<sup>2</sup> *Ibid.*, vol. iii. p. 92.

<sup>3</sup> *Ibid.*, vol. v. p. 141.

were granted £10 for their 'past services,' and it was stated that 'the company is looked upon on all sides as an assured success'.<sup>1</sup>

The fifth report, for the half-year ending September 30, 1875, showed a profit, after allowing for depreciation, of £207 os. 1d. More capital was required, as the stocks had been increased, and the sales were considerably in excess of the previous half-year. It was further reported that the Wholesale Society had been appointed agents<sup>2</sup>. The next half-year showed sales amounting to £1,827, being nearly double the sales in the corresponding period of the previous year. The net profit was £114 7s. 11d., out of which a dividend at the rate of 5 % per ann. was declared<sup>3</sup>.

In June, 1876, the manufacture of clothing was added, as the weaving trade was in a very depressed condition, and it was thought that an outlet would thus be provided for their cloth. 'Samples were shown and met with the entire approval of the shareholders'.<sup>4</sup> Apparently through this new effort, the profit at the end of the half-year in September, 1876, was greater than it had ever been; and would have allowed the payment of a dividend at the rate of 15 % per ann.; but the directors, 'wishing to make the company strong and healthy, only advised half that amount to be declared'.<sup>5</sup> More commodious premises were now hired, and in March, 1877, the directors expressed the opinion that 'a great achievement has been made, when, in spite of the present adverse condition of the woollen market, we have been able to hold our own, and work without actual loss.' There was only £5 profit on the half-year<sup>6</sup>. At the stocktaking of September, 1877, there was a small profit of £70. The sales were £884 in excess of those for the corresponding period of 1876, and a 5 % dividend was de-

<sup>1</sup> *Co-operative News*, vol. vi. p. 571.

<sup>2</sup> *Ibid.*, vol. vii. p. 63.

<sup>3</sup> *Ibid.*, vol. vii. p. 271.

<sup>4</sup> *Ibid.*, vol. vii. p. 416.

<sup>5</sup> *Ibid.*, vol. vii. p. 580.

<sup>6</sup> *Ibid.*, vol. viii. p. 253.

clared, which ate away nearly all the balance carried forward from the one prosperous half-year in 1876<sup>1</sup>.

From this time forward the life of the company was a continuous struggle with death, in which the latter gradually became the conqueror. Mr. Swallow has written me :

‘ We were not more successful in making up our cloth into garments than in making cloth. Either our suits did not suit in style or price, or for some other reason the trade did not come, although societies were waited on regularly, conferences attended and suggestions readily accepted.’

On December 8, 1882, an extraordinary resolution was passed to wind up the company<sup>2</sup>; and Mr. Swallow told me that from the winding-up the shareholders received nothing, while the loanholders and trade creditors received 12s. 6d. in the pound. The sales for the year 1881 were £7,253. The value of fixed stock was £2,384, the loans amounted to £1,701, and the share capital was £4,509<sup>3</sup>. The Leeds Industrial Society was the largest share and loanholder<sup>4</sup>.

The formation of the Lancashire and Yorkshire Productive Society for the manufacture of flannels was initiated at ‘ the first meeting of the united organization of Yorkshire societies,’ held at Halifax on Saturday, October 5, 1872, when the hall of the Industrial Society was crowded with delegates, and ‘ the prevalent feeling was a unanimous one of enthusiasm for co-operation, and for Yorkshire co-operation in particular<sup>5</sup>.’

William Nuttall, who was then secretary to the Central Co-operative Board, introduced the subject, and advocated that the Wholesale Society should carry on productive departments for the joint benefit of the distributive societies. Failing this, he advocated the formation of a new federation

<sup>1</sup> *Co-operative News*, vol. viii. p. 593.

<sup>2</sup> *Ibid.*, vol. xiv. p. 21.

<sup>3</sup> Congress Report, 1882, p. 127.

<sup>4</sup> *Co-operative News*, vol. xiv. p. 21.

<sup>5</sup> *Ibid.*, vol. ii. p. 520.

on similar lines to the Wholesale, pointing out that there were 'half a dozen different companies competing with each other to obtain the trade of the stores for woollen goods,' and 'he hoped they would not have to regret in after years that they had made a false step by creating another competitive concern.' The discussion turned on whether the Wholesale, or a new federation of distributive societies, or a society of individual members, should be allowed to undertake the proposed flannel factory. It seemed to be admitted that the stores could easily consume the produce of such a factory. Very little was said in favour of a society composed of individuals only, but for a mixed association of individuals and societies there were a fair number of supporters, among them being John Hartley, of Hebden Bridge, who said 'he had long been an advocate of federation, but he believed individual membership might be beneficial to the action of the federative principle.' Henry Whiley, the chairman of the Central Co-operative Board, advocated that the Wholesale should do the work ; pointing out that if a new federation were started it might not compete in trade, but it would for capital. He was an advocate for the formation of societies composed of individual members, in cases where their productions could not be wholly, or could only very partially be, taken by the distributive societies.

'How many societies would it take to keep going a co-operative steel pen factory? Such a manufactory, for the supply of their own wants only, on a federative basis would not pay them at all. But it would pay the Birmingham operatives engaged in the steel pen manufacture to combine on a co-operative basis and undertake the manufacture themselves.'

Mr. M'Innes (of Glasgow) referred to the competition between the Paisley Manufacturing Society and the Oak Mill Society :

'Animosity had already arisen in consequence. When these societies became numerous, what was before them but a worse



form of competition? All such things went to destroy federal effort. . . . Why could not the two societies join together? The obstacle was individualism, and they could only get rid of it by federation, or by means of the Wholesale<sup>1</sup>.

Among other speakers, the delegate from the Idle Society pleaded for consideration: 'They had filled their mill with new machinery; they had a trade of £60 a week, and could do £400.' At a subsequent conference, their case was discussed. It was reported that 'the mill was small, and there was no room for extension. The total productive power, if limited to flannels, was only equal to about one-seventh of what was purchased by the Halifax Society.' The conference seemed very sympathetic towards this and the other woollen manufacturing societies, Mr. Nuttall saying they 'ought ultimately to be absorbed;' and it was decided to ascertain how far these societies could be utilized for the production of blankets<sup>2</sup>.

At the second conference, which was held at Heckmondwike, on January 18, 1873, Mr. James Crabtree read a paper, in which he advocated the admission of both societies and individuals, so long as societies did not come forward with sufficient capital; unless it could be shown that it was better to stand still until they did so. After a long discussion, during which a number of motions and amendments were submitted, a resolution was passed by general consent (all the others being withdrawn), to the effect that a prospectus for a society on the federal principle should at once be prepared and issued, with the understanding that the shareholding societies should supply all the necessary capital and trade<sup>3</sup>.

The rules were registered on December 6, 1873, and contained the following provisions: The shares were to be £1 each, and only co-operative societies and the employés of

<sup>1</sup> *Co-operative News*, vol. ii. pp. 531-2.

<sup>2</sup> *Ibid.*, vol. ii. p. 532, and vol. iii. p. 28.

<sup>3</sup> *Ibid.*, vol. iii. p. 28.

the Lancashire and Yorkshire Productive Society could become shareholders. In the case of the latter, they were to be paid out on leaving the employ of the society. The shares allotted to societies were transferable. An employé had to take at least five shares, and a society had to take ten for every hundred of its members. Both employés and societies had to elect representatives to attend the general meeting, &c.; the former electing one for each twenty shareholding employés, and the latter one for each 200 of their members. After paying 5 % per ann. to share capital, the remainder of the profits were to be divided equally between capital, labour, and co-operative trade.

Twenty-one societies subscribed £6,195 of share capital, which was much below expectations. In consequence, a project for building a factory was abandoned, and Hare Hill Mills, Littleborough, were taken on lease, fitted up with 'the best modern machinery', and, with the help of £4,660 of loan capital, business was commenced in 1875<sup>2</sup>.

The society has been unsuccessful. At the general meeting in February, 1876, it was reported that a loss of 'over £1,500' had been incurred through undertaking a Government contract for flannel at too low a figure<sup>3</sup>. At the August, 1876, meeting, the shareholders instructed the board to ask 'for more share or loan capital,' and complaints were made of the societies not giving their trade, although the goods 'compared favourably in all respects with those of the best makers,' and a large portion of the sales of £6,244 for the half-year had been made to private firms<sup>4</sup>. Early in 1878, the losses had increased to £3,000, although in the last half of 1876 a small profit of £157 had been realized<sup>5</sup>; and it was stated that if the society 'had had sufficient capital to fill the mill with machinery, they could have pro-

<sup>1</sup> *Co-operative News*, vol. v. p. 124.

<sup>2</sup> Registrar's Returns, 1874, p. 25.

<sup>3</sup> *Co-operative News*, vol. vii. p. 124.

<sup>4</sup> *Ibid.*, vol. vii. p. 456.

<sup>5</sup> *Ibid.*, vol. viii. p. 125.

duced flannel 1d. or 1½d. per yard cheaper.' £10,000 additional capital was required<sup>1</sup>. On July 6, 1878, a special meeting reduced the value of the £1 shares to 8s. each, so as to write off all losses, including the formation expenses, and enable the society to appeal for capital with a better chance of success. The appeal was made, but met with little response; so, on October 26, 1878, a unanimous vote of a special meeting put the society into voluntary liquidation, with Mr. J. T. W. Mitchell as liquidator<sup>2</sup>.

The Registrar of Friendly Societies reported the 'dissolution' of the Lancashire and Yorkshire Productive Society in his return for 1878<sup>3</sup>, and the society has never since figured in his reports; but, notwithstanding this, the business is still, in 1893, being carried on by the liquidator, having in his hands met with somewhat more success than it did in the hands of the directors. Up to the beginning of 1888 profits were made in every year except in 1883, when a loss of £24 was incurred. The liquidator was enabled to do this by his position facilitating the borrowing of additional capital. Quarterly meetings of both shareholders and loanholders were instituted, the output and sales were gradually increased, and for some years have been double what they were at the date of going into liquidation. Interest has been regularly credited to both ordinary and special loanholders, and the plant and machinery, which had cost up to the end of 1892, £10,750, had at that date been written down to £2,813. From October, 1888, to October, 1890, business was not profitable, and a loss had gradually accumulated of £847<sup>4</sup>. The year 1891 showed an additional loss of £226 on a trade of £23,432. This was after providing for interest on loans, and for depreciation of plant, &c. The balance

<sup>1</sup> *Co-operative News*, vol. ix. p. 390.

<sup>2</sup> *Ibid.*, vol. ix. pp. 458, 707.

<sup>3</sup> Registrar's Returns, 1878, p. 34.

<sup>4</sup> Congress Reports, 1880-90, and society's balance sheets.

sheets for the year 1892 exhibited a profit amounting to £189, or equal to about 7 % on the share capital of £2,640. The sales for the year were £24,980. Nearly four-fifths of the sales are made to societies, and the remainder to private firms. Ninety persons are employed, but none of them are shareholders.

The firm of William Thomson and Sons dates from 1842. In March, 1886, Mr. George Thomson took part in a co-operative conference at Hebden Bridge. He subsequently consulted the committee of the Huddersfield District Co-operative Association, and the Huddersfield Trades Council, with the result that in October, 1886, he registered his firm as an industrial society<sup>1</sup>.

The property was taken at a valuation made by an expert. It consisted of £10,628 of raw materials and unfinished and finished stock, £4,226 of book debts, and £4,859 of machinery and fixtures—making a total of £19,713. In January, 1887, it was stated that ‘the whole of the first item has been cleared by sales and replaced by other material; and the book debts had all been realized in full<sup>2</sup>.’ Mr. Thomson took the purchase money mostly in loan stock, carrying 5 % per ann. interest or dividend; and repayable only in case that dividend is not paid<sup>3</sup>.

A tract issued by the firm states that the shares are £1 each, transferable, and are limited to a dividend of 5 % per ann. Ten per cent. is written off the nominal value of plant annually. Of the remaining profits 10 % goes to a reserve, until there is a fund equal to one-tenth of the capital; five-ninths of the remainder go to the workers who have been in the employ of the firm for at least six months, and is divided among them in proportion to their wages; and the remaining four-ninths ‘may be applied in making allowances to custom.’ By the rules, Mr. Thomson is appointed manager for life, ‘retaining also the right to

<sup>1</sup> *Co-operative News*, vol. xvii. p. 110.

<sup>2</sup> *Ibid.*, vol. xviii. p. 85. <sup>3</sup> *Ibid.*, vol. xvii. p. 1124.

appoint his successor by will.' He has 'full authority to conduct the whole business on his own initiative, including the appointment of all servants, and the fixing of their salaries<sup>1</sup>.'

Speaking at the Crystal Palace in 1892, Mr. Thomson asserted that co-operators are 'seeking to establish democracy in industry.' I asked Mr. Thomson how he reconciled his advocacy of such a democracy with his position at the Woodhouse Mills, to which he kindly replied as follows :

'In reference to your query as to my position as "hereditary despot," or something of the sort, twelve months ago I offered to expunge the rule giving me this power, but it was not accepted. I again did so yesterday (January 28, 1893), with a similar result. I might say it was not my own idea, but was proposed by Mr. Neale and strongly supported by our provisional committee, who knew better the dangers of the more democratic method than I, which the progress in education has to some extent removed. Again, in my case, there was a little difference from an ordinary productive society. I found the whole of the capital and business to commence with, and still hold two-thirds of it. My reference to the more democratic form of co-operative production is what we should aim at.'

The year 1887 was begun with orders sufficient to keep the 'weavers in work for several months<sup>2</sup>.' The first sixteen months' sales amounted to £29,601; and, after paying interest on capital, there was a profit of £95, which was carried to the reduction of formation expenses<sup>3</sup>. The sales for the second year, 1888, were £22,902; and after paying interest there remained £127 of profit. As per rule, one-tenth of this was taken to reserve; the balance of formation expenses, £16, was cleared away; £62 was divided among the workers, being about 2 $\frac{3}{4}$ d. in the pound on their wages; and £29 was awarded as dividend to purchasers<sup>4</sup>.

<sup>1</sup> *Co-operative News*, vol. xvii. p. 1177.      <sup>2</sup> *Ibid.*, vol. xviii. p. 220.

<sup>3</sup> *Ibid.*, vol. xix. p. 130.

<sup>4</sup> *Ibid.*, vol. xx. pp. 113, 135, and 1889 balance sheet.

The balance sheet for 1889 showed sales amounting to £22,990. Of these sales, £10,726 were made with co-operative societies, and the remainder with private firms. There was a loss on the year's trading of £887, and when the interest on shares is added, the total loss was £1,097. The committee attributed this loss to 'a serious advance in the price of wool,' and the impossibility of obtaining 'an adequate increase in the prices of goods, these being generally fixed for each season.' They had also had a 'difficulty in employing the woollen machinery, because of the demand for worsted cloths; . . . but perhaps the most important cause for the result has been the loss in realizing a portion of last year's stock.' The committee further reported that 'upon learning we were unable to pay a dividend upon the share capital, the workers spontaneously met, and unanimously resolved to pay this themselves.'

Mr. Thomson has sent me a few additional details. There were, in 1890, 130 employés, all working on the premises. Sixty-two of these were shareholders, and held £433 of capital. Three of the employés were on the committee, in addition to the cashier, who is also the secretary, and Mr. Thomson, who is also the manager. The shares of the latter were not included in the £433. Eighteen co-operative societies held £1,520 of share capital. Of this Huddersfield held £1,000<sup>1</sup>. The remaining shares were held by 82 persons, and the total share capital in July, 1890, was £4,045. The 1889 balance sheet showed the loan stock at £8,788, and other loans at £2,484. An item of £309 for advertising was treated as an asset. Additions to plant to the amount of £700 were debited to fixtures account, and £412 depreciation was written off the same. Repairs charged to expenses during the year amounted to £77.

In May, 1890, it was reported that 'one of the workmen

<sup>1</sup> *Co-operative News*, vol. xvii. p. 1245.

had invented a great improvement in weaving, and instead of patenting the invention for his own benefit, he presented it to the company, and they had sold as many as paid for the patent <sup>1</sup>.

The results of the working of the society for the year 1890 were, an increase of trade of £4,785, and a profit of £1,262. After clearing off the adverse balance brought forward from 1889, and paying £216 for interest on shares, there remained a balance of £143 to 'divide between labour and custom according to rule <sup>2</sup>.'

The sales for the year 1891 amounted to £30,127, on which a profit of £958 was made <sup>3</sup>. The balance sheet for the year 1892 showed that of the above-named profit, £254 was appropriated to the payment of 5 % interest on share capital, the same sum to bonus on wages, and £223 to bonus on purchases by customers. These figures disagree with the figures in the Congress Report, but they are more likely to be accurate. The sales in 1892 amounted to £31,897, and the profit was £1,584. The usual 5 % was allotted to share capital, as also a bonus of 9d. in the pound on purchases, and one of 1s. 3d. in the pound on wages. £130 was placed to reserve fund, making it £280; and £336 was placed to an assurance and pension fund, that had been created during the year by an alteration of the rules. This fund was to be supported by a share of the profits being allotted to it as follows :

'Whenever the net profits realized in any year are equal to 5 % of the wages paid during that period, a sum equal to 1 % of such wages; and for every sum by which such profits are 2½ % more than such 5 %, an additional sum equal to 1 % of wages; but the total amount applied shall not exceed 5 % of the wages during the year <sup>4</sup>.'

The wages paid during 1892 amounted to £6,730.

<sup>1</sup> *Co-operative News*, vol. xxi. p. 416.

<sup>2</sup> *Ibid.*, vol. xxii. p. 153.

<sup>3</sup> Co-operative Congress Report, 1892, p. 172.

<sup>4</sup> *Co-operative News*, vol. xxiii. p. 138.

Mr. Thompson has attributed the success of the society 'chiefly to the fact that they did a large amount of trade with the outside world'.<sup>1</sup> But in a letter to me in January, 1893, he said: 'I still hold that the Wholesale ought to have done such distribution as we required, as the Scottish Wholesale does, to whom yesterday we sent a cheque of £266 as their proportion of profit of their purchases.'

The Scotch Tweed Manufacturing Society was registered in February, 1890, on the initiative of Mr. R. H. Clapperton, and it was warmly supported by many Scotch co-operators. A prospectus circulated at the Glasgow Congress says that the Ettrick Mills, Selkirk, had been purchased by the society. It was asserted that these mills are

'amongst the finest in Scotland, and have long been famed for the excellence of their products. . . . It is intended to let such portions as are not at present required by the society. Two portions have already been let for £425 per annum, and several applications have been received for the remaining portions, which when let should bring the rental to £1,000 per annum.'

The price paid for the mills was £16,000, of which sum £10,000 had been obtained on mortgage. The shareholders are to receive 5 % per ann. interest, and after providing for a reserve fund, the remaining profits are to be apportioned as follows: Sixty per cent. to the workers in proportion to wages, 10 % to a social and educational fund or 'for remunerating members for special services,' 20 % to purchasers, and 10 % to shareholders. These profits, when apportioned, are not to be paid in cash but credited to share account. Mr. Clapperton was appointed manager, and the rules provided that if two-thirds of the committee are in favour of the measure, they may suspend the manager; but he can only be dismissed by a majority of two-thirds of a members' meeting<sup>2</sup>.

The first report and balance sheet, up to the end of 1890

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 238.

<sup>2</sup> *Ibid.*, vol. xxi. p. 617.



showed sales of £4,173, and on an average, only eight looms had been fully employed during the six months. In February, 1891, they had twenty-six looms running, and had orders on hand equal to two months' production. The portions of the mills that were not required by the society 'had been well let.' There was a net profit of £328, out of which a dividend on share capital at the rate of 5 % per ann. was declared, and the balance of £99 was carried to the reduction of the preliminary expenses, which amounted to £1,050. This is a somewhat heavy sum for a co-operative society whose share capital is only £8,000. There were in 1891, 38 society shareholders holding £4,495 (including the Scottish Wholesale which held £1,000), and 264 individual shareholders holding £3,728, including, I am told, 21 employes holding £121. There were 50 employes in all. The rules do not prohibit employes being on the committee, but there were none on it at the end of 1890.

The sales for the first half of 1891 were £8,106, and the profit was £394 after writing £201 off buildings and plant, at the rate of 2½ % per. ann. Interest at the rate of 5 % per ann. was paid on share capital, £143 was carried to the reduction of preliminary expenses, and £36 was used to form a reserve fund. The balance sheets for 1892 covered fifteen months in consequence of an alteration of the rules. The sales for that period were £24,454, and the profit was £1,614. Of this £544 was taken for depreciation, £779 went to pay interest on loans and shares at the rate of 4½ % and 5 % per ann. respectively, £205 was placed to the reduction of preliminary expenses account, and £76 was placed to the reserve fund. The method adopted by this society, and some others, of placing depreciation of plant and interest on loans to profit and loss account is, I think, an erroneous one. These are expenses, and should be charged to expenses account<sup>1</sup>.

<sup>1</sup> *Co-operative News*, vol. xxii. p. 940, and vol. xxiii. pp. 80, 824 and 1421; also vol. xxiv. p. 52.

During 1892 important additions were made to the cording and spinning departments, so as to secure a desirable tenant for a portion of the mill that was untenanted. Some new fast looms had also been put into the mill, 'in order to cope with the increasing trade,' and the directors' report added, 'the trading relations which exist between the society and the two wholesale societies continue to work harmoniously.' At the end of 1892, a discussion sprang up on the advisability of the Scottish Wholesale Society absorbing the Tweed Manufacturing Society. It was urged on the one hand that the existence of the latter was precarious, as it depended entirely on the successful letting of the greater portion of the mills; while on the other, it was asserted that the Scottish Wholesale had its hands already full<sup>1</sup>.

A little venture in Yorkshire, for the manufacture of shawls, was registered in 1890 as the Delph and District Co-operative Woollen Manufacturing Society<sup>2</sup>. By a ballot of the members of the Delph Distributive Co-operative Society, it was decided to take up 2,000 £1 shares in the new society—the voting being 275 for and 151 against. Many of the dissentients threatened 'to withdraw their capital' if the investment was made<sup>3</sup>; and, seeing the acute character of the opposition, the taking up of so many shares was not proceeded with. At the end of 1891, the new productive society had 58 members, and £51 of paid-up share capital<sup>4</sup>. The society succeeded in making a start in the early part of 1892; and the balance sheet submitted to its first half-yearly meeting, held in August, 1892, showed a small loss of £1 8s. This included all the formation expenses. The number of members was sixty, and the amount of share capital was £500. Mr. Moorhouse, the

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 824, 1421, and vol. xxiv. pp. 6, 29, 52-3, 78 and 703.

<sup>2</sup> Registrar's Return, 1890, p. 119.

<sup>3</sup> *Co-operative News*, vol. xxi. p. 65.

<sup>4</sup> Registrar's Return, 1891, p. 94.

chairman of the society, remarked to the meeting that the result of the half-year's working was very satisfactory. 'The members were banded together to find self-employment; and he believed they would be able to supply good shawls to the co-operative movement, at as cheap a rate as they could be got elsewhere<sup>1</sup>.'

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 860.

## CHAPTER XVIII.

### SUNDRY TEXTILE AND KINDRED SOCIETIES.

THE hosiery trade<sup>1</sup> has many times attracted co-operative effort. In October, 1860, a hosiery manufacturing society was started at Hawick, and commenced business in March, 1861<sup>1</sup>. Towards the latter end of the year it is stated to have made a good report<sup>2</sup>; but it appears to have soon afterwards died.

Another hosiery manufacturing society was started in Hawick about twelve years later, which commenced working in August, 1873. On January 24, 1874, this society had 493 members, with £558 of share capital, and had sold goods during the previous quarter to the value of £417. On these sales they had realized a profit of £28. After paying interest on share capital at the rate of 5 % per ann., the balance was devoted to paying a bonus of 7½ % on the amount of wages paid, and on the amount of share capital<sup>3</sup>. The progress was steady for several years, it being reported in 1877 that this hosiery society had 'maintained a sound and steady business position, and had been worked with an amount of capacity in management that has produced a moderate profit, which is encouraging during a period of depression'. At the end of 1876 its share capital was £2,185, and its loan capital was £1,009. The sales and profit for this year were not published; but in 1875, they

<sup>1</sup> *Co-operator*, vol. i. pp. 109 and 160.

<sup>2</sup> *Ibid.*, vol. ii. p. 44.

<sup>3</sup> *Co-operative News*, vol. iv. p. 290.

<sup>4</sup> Congress Report, 1877, p. 33.

were respectively £3,747 and £147. Out of the latter sum, £117 was divided as bonus. The fixed stock was £564<sup>1</sup>. From this time the society dwindled away, and it was dissolved in 1880.

Between 1866 and 1873, hosiery societies located at Rudington, Hathern, Loughborough, Mansfield, and Nottingham were registered; but they do not appear to have got very far beyond this initial stage of existence<sup>2</sup>. For instance, the Industrial Hosiers' Society at Nottingham was registered in 1870; and at the end of 1872, it numbered 21 members, with £13 of share capital. At the end of 1873, it had 62 members, with £177 of share capital; but in 1874, it dissolved, apparently without having commenced business<sup>3</sup>.

A little more success was achieved by a society at Arnold, registered in 1868. It apparently did not begin business until 1870, when it had 35 members and £39 of share capital, and did a trade in the year of £50, from which a profit of £6 was realized. In 1873, it had 76 members, with £277 of share capital, a trade of £350, and a profit of £5. Its sales never exceeded £435 in any one year; and the highest profit made in a year was £77 in 1877. From that year the society steadily declined<sup>4</sup>; and at the end of 1883 the secretary wrote: 'We are doing no manufacturing at all, as the manager is dead, so that affairs are in an unsatisfactory state, and we are about to wind up.' The society seems to have spent several years in clearing out stock; and at the end of 1885, it showed stock £135 against liabilities on shares and loans of £107. It wound up in the year 1887, probably with little or no loss to the shareholders<sup>5</sup>.

The Sheepshed Co-operative Hosiery Society was registered in 1881. At the end of 1882 it had 42 members, with £38

<sup>1</sup> Registrar's Returns for 1875, p. 86; and 1876, p. 43.

<sup>2</sup> Wholesale Societies' *Annual*, 1883, p. 175.

<sup>3</sup> Registrar's Returns, 1872, p. 36; 1873, p. 38; and 1874, p. 66.

<sup>4</sup> Wholesale Societies' *Annual*, 1884, p. 129.

<sup>5</sup> Registrar's Returns, 1883, p. 50; 1885, p. 50; and 1887, p. 109.

share capital, and £75 of loans; and its sales for the year were £92<sup>1</sup>. In 1883, the members were 49, the sales £141, and there was a loss of £24<sup>2</sup>. In 1886, the Midland Sectional Board explained that the society's want of progress was due to the fact that 'not only has it to face keen competition, but the high-class goods it produces are not in general demand in the co-operative market<sup>3</sup>.' The loss in 1885 was £41. In 1886, it made £1 profit. In 1887, there was a loss of £10; in 1888, one of £12; and in 1889, another of £12. The sales have gradually dwindled to £39 in 1889, £26 in 1890, and £5 in 1891. The number of members at the end of 1891 was 38. The share capital was £78, and the loans £98<sup>4</sup>.

The Hinckley Co-operative Manufacturing Society was registered in 1884<sup>5</sup>. It began business about the middle of 1886; and at the end of that year had 90 members, with £150 of share capital, and £70 of loans. Its sales for the six months were £180, on which, apparently, there had been a loss<sup>6</sup>. Judging by the official returns, no profits were made in 1887 and 1888<sup>7</sup>; and in a letter dated April, 1888, the society's secretary said:

'We are a struggling society, and have much to contend against, especially the improvements in all kinds of machinery for the making of hosiery, and also the smallness of our share capital, £150, which you must agree is a very small amount to work a hosiery company with.'

Speaking of the difficulty of scraping money together to pay wages, he said:

'We have been placed, on many a Saturday, in such a condition that, I am sure, would beget us strong sympathy, if it were known. We are a genuine co-operative society; all our work-

<sup>1</sup> Congress Report, 1883, p. 102.

<sup>2</sup> *Ibid.*, 1884, p. 102.

<sup>3</sup> *Ibid.*, 1886, p. 38.

<sup>4</sup> Registrar's Returns, 1890, p. 44, and 1891, p. 48.

<sup>5</sup> *Ibid.*, 1884, p. 95.

<sup>6</sup> Congress Report, 1887, p. 116.

<sup>7</sup> Registrar's Returns, 1887, p. 42; 1888, p. 42.

people are shareholders; and our rules, in every way, will satisfy the aspirations of every leader of our movement<sup>1</sup>.

The trade improved in 1889; the sales amounted to £750, which yielded a net profit of £4. The members had dwindled down to 50; the share capital was £164, and loans £75. This progress was inducing the committee to seek larger premises<sup>2</sup>. In 1890, the sales were £1,095, on which a profit of £19 was realized. The trade expenses for the year were put down at £5 only, and the fixed stock at £10. The number of members had been reduced to 40<sup>3</sup>. At the end of 1891, the number of members had increased to 50; the share capital was £172, and the loan capital was £68. The sales for the year were £1,463, on which a profit of £30 was realized. Out of this, share capital was paid 5 % interest. At the 1892 Congress Exhibition, the society made a good display of well-made hosiery<sup>4</sup>.

The Leicester Co-operative Hosiery Manufacturing Society was registered in 1876<sup>5</sup>. Originally it had the word 'second' inserted in its title, owing to its being the immediate descendant of an earlier society of the same name, which was registered in 1867<sup>6</sup>. This earlier society never exceeded a membership of 60; and its highest annual sales were in 1874, when they amounted to £573. This trade yielded a profit of £28. The fixed stock was £14; loans amounted to £35; and the share capital was £176<sup>7</sup>. In its limited sphere, the success of the society seems to have been of a constant character.

In 1875, the Hosiery Operatives' Union, which numbered over 2,000 members, decided to commence manufacturing, and bought a number of frames. They also bought up the original Leicester Hosiery Society's business at a price which enabled every shareholder to receive, at the winding-

<sup>1</sup> *Co-operative News*, vol. xix. p. 400.

<sup>2</sup> Congress Report, 1890, pp. 49, 120.

<sup>3</sup> *Ibid.*, 1891.

<sup>4</sup> Co-operative Congress Report, 1892, pp. 127, 172.

<sup>5</sup> Registrar's Returns of Industrial Societies, 1876, p. 36.

<sup>6</sup> Wholesale Society's *Annual*, 1883, p. 175.

<sup>7</sup> Registrar's Returns of Industrial Societies, 1874, p. 28.

up, 23s. for every £1 he had invested. There was, further, an understanding that, as soon as the rules were registered, the members of the old society should be allowed to join the new one. It took ten months to effect registration; and then it was found that the trades union could not legally be a shareholder, although it might hold loans. In the meantime the majority of the union became opposed to employing their funds in a co-operative enterprise; and they decided to stop the works at once, although twenty men had been appointed to form the second society, on the understanding that loan capital should be supplied. By the stoppage, the union incurred considerable loss<sup>1</sup>; but it is probable that their loss was, to some extent, a gain to the new society.

The first complete year's trading of the Leicester *Second* Hosiery Society showed sales £938, and profit £26. The shares were £109, with 40 members; and the loan capital was £194<sup>2</sup>.

The society stands in the happy condition of having made profits continuously from the commencement. It was, however, not until 1882 that it managed to make more than £100 in one year. In this year the profit amounted to £129, and it was realized from a total sales of £4,493<sup>3</sup>. In every way the progress of the society has been steady; and at the end of 1890 it had 235 members, of whom 88 were co-operative societies, 23 were employés, and the remainder private individuals. The share capital amounted to £5,832, of which £173 belonged to the employés, about £1,600 to private individuals, and the remainder to co-operative societies. The loans amounted to £7,500. The sales for 1890 were £17,079, of which about £16,000 were to co-operative societies, and the remainder to private firms<sup>4</sup>.

<sup>1</sup> *Co-operative News*, vol. viii. pp. 128-9.

<sup>2</sup> Registrar's Returns of Industrial Societies, 1877, p. 15.

<sup>3</sup> Congress Report, 1883, p. 102.

<sup>4</sup> Society's Balance Sheet, December, 1890, and information supplied by Mr. Newell, the manager.



In 1891, the sales were £21,172; and for the first half of 1892, they were £11,284<sup>1</sup>.

The society 'commenced business in the front room of a cottage.' Then it took two rooms in the High-street; and from here moved to 'a little factory in Sanvey Gate.' A further removal was made to larger premises in Crafton-street; and, lastly, it purchased the Cranbourne-street Mills, which were formally opened on March 24, 1890. These premises occupy 1,750 yards of land, and consist of one three-storey, and one two-storey building. They will accommodate over 300 workers, so that there is plenty of room for extension<sup>2</sup>.

Up to the end of 1887, the rate of interest on share capital was  $7\frac{1}{2}\%$  per ann.; and the actual payments for interest, from the commencement of the society, had averaged  $6\frac{1}{8}\%$  per ann.<sup>3</sup> A new class was created with the opening of the year 1888, called B shares, bearing interest at the rate of 6%; and the issue of  $7\frac{1}{2}\%$  shares was stopped<sup>4</sup>.

In 1884-5, the prosperity of the society received a check; and the profits scarcely allowed a payment of 5% to share capital. This was the result of the invention of new machinery, which the society only adopted in 1885; and the committee at the end of 1887, when proposing to buy some additional machinery, stated that the profits in the past 18 months had been nearly ten times greater than in the previous 18 months, owing to the introduction of the 'new machines'<sup>5</sup>.

In 1883, a bonus of 4d. in the pound on purchases, and of 4d. in the pound on wages, was declared. 'This, so far as I can discover, was the first of its kind in the history of the

<sup>1</sup> Co-operative Congress Report, 1892, p. 173, and Societies' Balance Sheet, June, 1892.

<sup>2</sup> *Co-operative News*, vol. xxi. p. 320.

<sup>3</sup> Congress Report, 1888, p. 44.

<sup>4</sup> Balance Sheet, June, 1888.

<sup>5</sup> *Co-operative News*, vol. xviii. p. 833.

society<sup>1</sup>. In December, 1888, a similar bonus was declared ; and it was repeated in the two half-years of 1889<sup>2</sup>. The heavy expenses incidental to the removal of the business into larger premises, prevented the society paying bonuses in the June half of 1890<sup>3</sup> ; and it was unable to do so in the December half also<sup>4</sup>. In the last half of 1891, the distribution of bonus was resumed by the payment of 3*d.* in the pound ; and this was followed in the first half of 1892, with the payment of another at 4*d.* in the pound<sup>5</sup>.

Mr. Newell, the manager, has informed me that they had in 1890, 139 employes, of whom 91 worked on the premises, and 48 outside. 'Those outside, work chiefly with the needle at hand-seaming ; with which, for excellence and durability, no machine can compete.' The wages paid during the first six months of 1892 amounted to £2,720. No employes are allowed to be members of the committee ; and the profits, after paying interest on capital, and providing for depreciation, reserve fund, &c., are divided equally *pro rata* on members' purchases and workers' wages ; non-members receiving half dividend. The land, buildings, and plant, at midsummer, 1892, had cost £11,632 ; and they stood in the balance sheet at £8,506. The reserve fund was £780. There were 297 members, of whom 103 were societies. The amount of share capital was £7,865, and the amount of loan capital was £8,591<sup>6</sup>.

The rapidly increasing prosperity of the society caused the committee to appeal to co-operators, in the early part of 1892, for additional capital. Up to June, over £2,000 was received in reply to the appeal ; and this enabled the committee to put down additional machinery of the best character, including, said the report, 'two large Cotton's patents and four Cardigan frames.' An order had also

<sup>1</sup> Congress Report, 1884, p. 102.

<sup>2</sup> Society's Balance Sheets.

<sup>3</sup> *Co-operative News*, vol. xxi. p. 864.

<sup>4</sup> Balance Sheet, December, 1890.

<sup>5</sup> Co-operative Congress Report, 1892, p. 173, and Society's Balance Sheet, June, 1892.

<sup>6</sup> Society's Balance Sheet, June, 1892.

been given 'for a machine for making rib Cashmere goods, which will cost about £500.' The committee appealed for still more capital<sup>1</sup>.

In a little pamphlet, published in 1892 by the Leicester Hosiery Society, Mr. Newell gave the reasons for the success of the society, and the failure of its predecessor. Speaking of the old society, he said :

'The committee of the Trades Union, who of course were all framework knitters, had the management. They had plenty of knowledge how to make the goods, but they lacked commercial knowledge, what to make, and how to sell.' Speaking of the existing society, he said : 'The chief causes of our success have been the help which the co-operative societies have given us in capital and trade, and the fact that we have learned to put the welfare of the society before our own opinions, or even our seemingly direct interests—being assured the success of our society would be the best success for ourselves.'

'Generally,' Mr. Newell said, 'we have always found that if we proved to societies that we could do as well as private firms they would give us a part of their trade. . . . The Manchester Wholesale is taking over a quarter of our total production. When the society commenced, its premises consisted of "the front room of a cottage," at a rental of 1s. per week. We had to compete against firms established over a quarter of a century. The traveller of one of these firms called at Dewsbury co-operative store shortly after we began, and was informed that they were getting some goods from us. With lofty contempt he remarked : "They have only one little room ! How can they do the trade ?" Mr. Shaw, the drapery manager, replied : "You wait a year or two, and you will find them bad to beat." That prophecy has been fulfilled long ago.'

Mr. Newell has laid great stress on the influence of machinery.

'Improvements in power machinery during the last ten years have entirely changed the conditions' of the trade. 'The larger number of the old-established firms have either been unable or unwilling to adapt themselves to the altered conditions. They

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 437, and Society's Balance Sheet, June, 1892.

have gone smash. The cost of production, from the old method to the new, has decreased 50 %, in some cases more. One class of goods used to cost for making 9*d.* to 10½*d.* per pair. They now cost 2½*d.* The whole of this difference has gone to the consumer, while the weekly earnings of the employés have been increased. . . . Up to 1884 nearly the whole of our goods were made on the hand frames, and a large amount of our total capital was found by the handworkers. At this period we began to find out that, notwithstanding very hard work, and the most rigid economy, we could not compete with the new power machinery. Some of us were convinced that we must either have the best machinery or give up the fight and lose the trade and a part of the capital we had struggled with desperate energy to get together.' .

The society thereupon sought for the necessary capital ; and, having obtained it from co-operative societies, the machinery was purchased and set to work ; the displaced hand-workers being, as far as possible, placed in charge of it. Mr. Newell remarked : ' The following quotation from the balance sheet of June 1887, will show that we had solved the problem : " Total profits on three half-years, January, 1884 to July, 1885, on the old machines, £43 11*s.* ; ditto on three half-years, July, 1885 to December, 1886, on improved machines, £403 1*s.* ; wages paid in the first-named period, £2,671, and in the second-named period, £3,886. Sales in the first-named period, £9,963, and in the second-named period, £14,141." '

The pamphlet concluded with a sketch of the society's hosiery factory, reprinted from the *Workman's Times*. I submit an extract from the sketch, and would say that while it was written of the Leicester hosiery factory, the general features mentioned therein, would apply equally to most of the factories and workshops owned by co-operators. The writer of the sketch went to the factory in the company of Mr. James Holmes, secretary of the Amalgamated Hosiery Operatives' Union. He said :

' On my way I put a few leading questions to Mr. Holmes as to what it was that we were going to see. I gathered that its great merit in Mr. Holmes' eyes was that it was such a comfort-

able shop. "They can show you a list of names at this place," said Mr. Holmes, "as long as my arm, of people who are waiting to be set on. But the mischief is, nobody ever leaves, and it is only the vacancies caused by death and the new situations created by the extension of the business that give openings. For one thing, there is never any humbug here. The manager treats the work-hands as he would like to be treated himself. He is uniformly considerate and kind in all his dealings. The committee thoroughly approve this, and the consequence is that the work-people are quite a happy family. Another thing that makes the place such an enviable one at which to work is the fact that employment is very regular. The great curse of our trade is that it is so much a season's trade. We may be very well employed and working overtime one half of the year and walking about the streets the other half. At the Co-operative Society's works, however, the trade is not so much a season's trade. They cater for a special line of customers, the distributive co-operative societies all over England, Wales and Scotland; and the varieties of goods required by these societies are so great that there is nearly always work on hand, and if there is no order on the books, it is nearly always safe to work to stock. You may guess, therefore, that there is always a desire to get employment here, and that very seldom is there a case where a man or woman, once employed, leaves the place."

The writer continued :

'I saw enough during my tour to convince me that Mr. Holmes had not exaggerated when he described the situation of those employed under the society as being a very comfortable one. There are a large proportion of women and girls employed in the factory, and as I was passing through I heard many a snatch of a hymn, with an occasional chorus; and when I can hear the melody of human voices rising above the noise of mill machinery and blending in harmonious strains of praise, I need no further evidence to convince me that the iron has not entered into the souls of the singers, and that they are as happy as it is possible for people to be in the environment by which they are surrounded. Give me a class of work-people who can sing, and dare sing, in the presence of their manager and strangers, and I will give you the character of the place at which they are employed without any assistance but my own intuition.'

The Co-operative Manufacturing Society of Leicester was registered on June 5, 1872<sup>1</sup>. Its object was to produce elastic webs. Among the shareholders were John Butcher (then hon. secretary of the Midland Section of the Co-operative Union) and Mr. Abbott (secretary of the Web Weavers' Trade Union). The first rules provided for dividing the profits on share capital only; but on September 7, 1873, they were altered, so as to limit shares to a 7½ % dividend. The balance of profit, after providing for depreciation, was 'to be divided between labour and purchases, at as much in the pound as it will realize.' Provision was also made for the admission of societies as members, and the adoption of these provisions was said to 'make the society thoroughly co-operative.' At this date, the society had just removed to larger premises at Upper Brown-street; it had four looms working, and had a capital, including both loans and shares, of £600<sup>2</sup>.

At the end of 1873, the society numbered 99 members, with £698 of share capital, and £451 of loans. The sales for the year were £1,434, and the profit realized was £42. Although the sales were larger in 1874, no profit was made; but in 1875, a profit of £171 was made on £3,180 of sales. £75 of this profit was allotted to purchasers. In 1876, the profit was £77 on £3,595; but in 1877 and 1878, there was no profit; although the sales were again increased; being £5,395, and £4,174, respectively<sup>3</sup>.

When making profit in 1876, it was thought the society had got through its difficulties; which had been attributed to 'shortness of capital, want of experience, and an unavailable market for its produce.' The principal difficulty had been overcome, through the Wholesale Society's taking 'all the webs they require for their productions' at the Leicester Shoe Works; and also by their acting as agents<sup>4</sup>.

<sup>1</sup> Registrar's Returns, 1872, p. 66.

<sup>2</sup> *Co-operative News*, vol. iii. p. 455.

<sup>3</sup> Registrar of Friendly Societies' Returns, 1873, p. 28; 1874, p. 28; 1875, p. 32; 1876, p. 15; 1877, p. 15; and 1878, p. 16.

<sup>4</sup> *Co-operative News*, vol. vii. p. 336.

These anticipations were so far realized that, in the middle of 1877, the society had accumulated a reserve fund equal to 15 % of its capital<sup>1</sup>; but its losses after this date caused it to wind up in 1879, and transfer the business to a new society<sup>2</sup>.

The new society was registered in 1878 as the Leicester Elastic Web Manufacturing Society. Instead of the ninety odd members of the old society, there were only nine in the new one at the end of 1879. They had £930 of share capital, the sales were £3,214, and the profit was £24. In 1880, the number of members was increased to ten, the sales were £4,891, the profit was £253, and the share capital was £1,025<sup>3</sup>. From the commencement, the society has been uniformly prosperous; the profits varying from as low as £65 in 1885, to as high as £254 in 1883. The sales steadily increased up to 1890; and the statistics show them to have been for that year £11,569; while the share capital stood at £1,555, the loans at £510, the reserve fund at £375, the fixed stock at £1,321, and the net profit at £197<sup>4</sup>. The sales in 1891 were £11,089, and the profit was £107; the share capital was £1,635, and the loan capital was £1,049<sup>5</sup>. It is probable that changes of fashion have begun to affect this 8 %. I have been informed that there were in 1891 about 50 employes, all of whom were engaged on the premises. Only two of these were shareholders, and they held £400 of share capital. All the profits are divided *pro rata* among the shareholders.

The Lurgan Damask and Linen Manufacturing Society, Ireland, was registered on January 26, 1872<sup>6</sup>. It is still remembered, although long since dead, for the amusement afforded at congresses by its manager, Mr. Lynass, and as

<sup>1</sup> Congress Report, 1877, p. 30.

<sup>2</sup> Registrar's Returns, 1879, p. 33.

<sup>3</sup> Ibid., 1879, p. 16; and 1880, p. 22.

<sup>4</sup> Congress Reports, 1882-91.

<sup>5</sup> Registrar's Returns, 1891, p. 48.

<sup>6</sup> Ibid., 1872, p. 80.

an example of the results of misplaced sympathies. In the end, British co-operators lost severely through their confidence and generosity.

When the Lurgan society had only £5 of subscribed capital, it, with the characteristic impulsiveness of the country, sent £1 to the *Co-operator* loss fund<sup>1</sup>, which was then being raised to help Mr. Henry Pitman to continue the publication of his weekly co-operative journal. This Lurgan society was not only a productive society, but a distributive society also; and in addition, it tried its hand at a miniature kind of labour exchange—a machinist, some shoemakers, tailors, and farmers, supplying labour and produce in exchange for stores. There was certainly great need of co-operation, for the earnings of Lurgan hand-loom weavers for a week of about 70 hours, were said to be only 7s.<sup>2</sup>

At the end of its first half-year, the society had 80 members, £140 of share capital, £334 of sales, and a profit of £63. It was said to give 7½% to share capital, and to divide the remainder of the profits between labour and purchasers; but beyond declaring dividends of 1s. in the pound on store purchases, I can find no traces of any other profit-sharing<sup>3</sup>.

In January, 1874, Robert Allen (of Oldham) paid Lurgan a visit on behalf of the English co-operators. Apparently, the society progressed steadily; for at the end of the year, it had orders on hand for over £500 worth of linen goods; and at the end of 1875, the position was reported to be, 120 members, £351 share capital, £336 loans, £1,960 sales for the year, and £56 profit. The source of its prosperity seems to be indicated by a statement made by Mr. Lynass to the Glasgow Congress (1876) as follows: 'If it had not been for the English and

<sup>1</sup> Congress Report, 1873, p. 14.

<sup>2</sup> *Co-operative News*, vol. iv. p. 271, and vol. v. p. 134.

<sup>3</sup> Congress Report, 1873, p. 14, and 1875, p. 39; also *Co-operative News*, vol. iii. p. 233.



Scottish Wholesale Societies, he did not know what would have become of them <sup>1</sup>.

It seems that both wholesale societies, out of sympathy, advanced money to the Lurgan society, to enable it to execute orders for linen goods that it was supposed to make. In consequence of 'only a small portion being executed, and, in almost every instance, goods being sent for which no order had been given,' the English Wholesale Society sent a deputation over to Lurgan, and arranged that their Armagh butter buyer, who was only about six miles distant, should act as a stocktaker and auditor. The Lurgan people afterwards objected to this, explaining that they would thus disclose the amount of their profits; so, in April, 1876, another deputation was sent, and the result of their investigations was the discovery of a deficiency of £479, although 'there had been no trade losses,' and notwithstanding their acceptance of a most liberal valuation of the assets. The 110 Irish members had only £115 of capital; while from British co-operators there had been drawn £324 of share capital, and £450 of loans. In consequence of this report, the British co-operators took steps to realize what few assets still remained, and so dissolved the society <sup>2</sup>.

At a meeting of shareholders at Lurgan, on September 1, 1876, it was stated that the reason so little capital was raised in the district was 'because everybody thought it was not a safe investment. Shares had been sold from the very outset for nearly nothing.' The total liabilities in April proved to be £949, and the assets only amounted to £106. One of the auditors explained that 'he had cast up the figures when the balance sheet was written out to see that the totals were correct representations of the item figures, and this was what he had always understood to be an auditor's duty.' Another member explained that 'the

<sup>1</sup> *Co-operative News*, vol. iv. p. 91, and vol. vi. p. 51; also Registrar's Returns, 1875, p. 95, and Congress Report, 1876, p. 56.

<sup>2</sup> *Co-operative News*, vol. vii. p. 432.

manager had a large family to be provided for; and he thought they must have lived economically' to make the money last out so well during the four or five years of the society's existence. 'The meeting was as indignant as earnest.' The Irish members 'were not insensible to the kindness of the English and Scotchmen,' and one of them said 'it was kindness basely received and ignobly rewarded.' A resolution was passed expressing deep sympathy with the British investors, and also saying that 'none of the members or committee were guilty of reckless management excepting the manager, president, and secretary. These we do not accuse, but we certainly cannot free<sup>1</sup>.'

A more successful society was registered in December, 1872, for the manufacture of linen goods at Dunfermline<sup>2</sup>. Unlike those of Lurgan, 'the factory workers had for a long series of years been in receipt of good wages<sup>3</sup>.' It was urged that 'it was a great mistake to form a company to better the condition of the hand-loom weavers,' as the industry was doomed, and 'it would be far better to let the hand-loom die a natural death.' To this a reply was made that 'to cease supplying those who want hand-loom goods' was not to die a natural death, but to commit suicide<sup>4</sup>.

With scarcely an exception, the members of the society were working men, and for long years the only shareholding society was the Dunfermline distributive society<sup>5</sup>. During the first half-year, very little business was done, the sales being less than £70; but in the second half-year, the sales were £313, on which a net profit of £33 was made. The share capital was £313, and the number of members was 116. After paying 5% on share capital, the profit was divided at the rate of 10*d.* in the pound on purchases,

<sup>1</sup> *Co-operative News*, vol. vii. p. 477.

<sup>2</sup> Registrar's Returns, 1872, p. 79.

<sup>3</sup> *Co-operative News*, vol. viii. p. 544.

<sup>4</sup> *Ibid.*, vol. iv. p. 289.

<sup>5</sup> *Ibid.*, vol. viii. p. 124.

labour, and shares. This result was considered a proof that 'the working out of this humble attempt at productive co-operation has been highly successful<sup>1</sup>.'

The society steadily progressed, and in June, 1876, it had twenty looms working. The members numbered 160, the shares amounted to £606, the loans to £261, and the sales for the half-year were £851. The sales for the December half of 1876 were £857; and the profit for the year was £105, out of which the three estates of capital, custom, and labour, each received a sixpenny bonus<sup>2</sup>. Dullness of trade affected the society in 1877, lowering the sales and reducing the profits; so that, although shares were paid their 5 %, no bonus was declared for the first half of the year, and 4*d.* only for the latter half<sup>3</sup>. From this time, the returns show a fair record of successful profit-making; but for several years the trade and the membership have been slowly declining, the figures for the year 1891 being, 95 members, £881 of share capital, £121 of loans, £203 of a reserve fund, £217 of fixed stock, £1,006 of sales, and £101 of profit<sup>4</sup>. Share capital received a dividend of 7½ %; and the employés and customers each received a bonus of 6*d.* in the pound, on wages and purchases respectively. This steady decline is probably the result of the gradual decay of the hand-loom industry, coupled with the inability, or unwillingness, of the members to venture on so large an undertaking as a steam-loom factory.

The Newton Heath Co-operative Manufacturing Society was registered on August 2, 1873<sup>5</sup>. The object of the society was to produce silk dress goods, &c. It originated among 'a few men of comparatively enterprising disposition,' who were 'convinced that, under the conditions which existed in the silk trade, neither worker nor consumer was fairly treated<sup>6</sup>.' Its formation expenses amounted to 10*s.*; and at

<sup>1</sup> *Co-operative News*, vol. iv. p. 65, and Registrar's Returns, 1873, p. 74.

<sup>2</sup> *Ibid.*, vol. vii. pp. 404, 432.

<sup>3</sup> *Ibid.*, vol. ix. pp. 166, 485.

<sup>4</sup> Congress Report, 1892, p. 174.

<sup>5</sup> Registrar's Returns, 1873, p. 69.

<sup>6</sup> *Co-operative News*, vol. v. p. 5.

the end of the first quarter, the society numbered twenty-two individual shareholders, with £42 of transferable share capital, and £23 of loans. The sales had been £67, on which £11 net profit had been realized, after allowing shares 5 % interest. Out of this profit, a bonus of 1s. in the pound was declared on capital, labour, and trade<sup>1</sup>.

The employés worked at home on their own hand-loom ; so the operations of the society were fairly simple, and for a time fairly successful. For the half-year ending June, 1875, the sales were £351, on which a profit was made of £35, after paying 5 % per ann. interest on share capital, which now stood at £187 ; and the usual bonus of 1s. in the pound on share capital, wages, and sales, was declared. The editor of the *Co-operative News*, commenting on the circumstance that capital received 15 % per ann., said :

‘Wages, that is labour, as usual, has to be content with a somewhat less liberal acknowledgment. . . . The secretaryship and managership of the society are either unimportant posts or they are indifferently paid. Two shillings a week for the one and four shillings for the other are not salaries for which there is likely to be a lively competition, although the work seems to have been efficiently performed by somebody for the money<sup>2</sup>.’

By the end of June, 1876, the share capital had increased to £213 ; and the shareholders consisted of five societies, and fifty-one individuals. The sales amounted to £427 for the half-year, and the profits allowed of the usual 1s. bonus all round<sup>3</sup>. From this date the society met with evil days, and the Registrar’s Returns show that no further profits were made. In June, 1880, its accumulated losses caused the society to go into liquidation. The trade creditors and loanholders were repaid in full ; and, after paying liquidation expenses, the assets were sufficient to repay the shareholders 8s. 8d. in the pound. Mr. Thomas Hayes and Mr. C. Walls audited the liquidators’ accounts, and reported to a final meeting of shareholders, held on May 21, 1881,

<sup>1</sup> *Co-operative News*, vol. iii. p. 532.

<sup>2</sup> *Ibid.*, vol. vi. p. 451.

<sup>3</sup> *Ibid.*, vol. vii. p. 476.

that 'the thanks of the shareholders are due to the liquidators for the trouble incurred in realizing the highest possible prices for the assets<sup>1</sup>.'

The Leek Co-operative Hand-made Silk-twist Manufacturing Society was registered on July 29, 1874<sup>2</sup>. A brief note to Mr. John Butcher, dated July 6, 1874, informed him that the society had started business, and 'in the course of a week or ten days will be ready to execute orders.' The society did not make a very successful start, and up to the end of 1875 it had incurred some losses<sup>3</sup>. At the end of 1876, the society numbered twenty-five members, with £495 of shares, and £350 of loans. The sales for the year were £1,537, and the profit was £164. In 1878, there were 305 members, and the sales were £1,679; but the profit had gone down to £45. In 1879, members and sales dropped to 250, and £1,253 respectively; and the profit was only £13, while the share capital was £887<sup>4</sup>.

In 1880 and 1881, the society suffered losses to the extent of £790, which swept away nearly all its share capital. In explanation of this, Mr. W. Hassall has written to me :

'Like many other productive enterprises, we had for some years a chequered existence, our luck being, as a rule, on the wrong side. Judging by subsequent events, I should say that the drawback was the difficulty which usually besets men destitute of all commercial knowledge or training, in finding a market for their production; and secondly, incompetent and ignorant management, which beginning with blundering, ended in dishonesty, embezzlement and flight. For six years the society dragged painfully along, until in 1880, the death of the secretary and the sudden flight of the manager revealed the fact that the pair, to cover up losses for which they were perhaps not altogether responsible, and peculations for which they were, had falsified the accounts; and the manager, to aid his flight, had appropriated to his own use all the cash he could

<sup>1</sup> *Co-operative News*, vol. xii. p. 413.

<sup>2</sup> Registrar's Returns, 1874, p. 69.

<sup>3</sup> *Co-operative News*, vol. v. p. 21; vol. vii. p. 476.

<sup>4</sup> Registrar's Returns, 1876-9; also Congress Report, 1883, p. 102.

lay hands on. The society was left in a pitiable condition ; but the matter was faced with a determination to do right. Every creditor was paid in full ; the entire loss was written off share capital, and a fresh start was made.'

The profit in 1882 was only £2, on a trade for the year of £2,688. The share capital appeared at £77, and the loans at £500. The number of members was 259. In 1884, the number of members was reduced to 34. Since 1882 the society has been uniformly prosperous. The sales have gone up steadily ; so have the profits, and so has the share capital. For 1886, the sales were £3,863, the profit was £161, and the share capital was £545. It was stated that ' the trade has increased to a greater extent than the balance-sheets show, owing to the value of goods having fallen considerably ; but by energy and watchfulness' the members ' have been able to run the concern to advantage and profit. They have just removed to larger and better premises.' The statistics for 1890 showed the number of members at 42, the share capital at £1,084, the loans at £484, the reserve at £158, the sales at £7,883, and the profit at £315. The share capital received £203 of this profit :—equal to 20 % per ann. Purchases take no share of profits ; but in 1883, and most of the subsequent years, labour participated in profits to the extent of 1s. in the pound of wages ; and in 1890, to the extent of 1s. 4½d. in the pound. The wages paid in 1890 appear to have amounted to £1,193<sup>1</sup>. The sales in 1891 were £8,985, and the profit was £301. Share capital received a dividend of 10 %, and labour received a bonus on wages of 1s. 3d. in the pound. The fixed stock account had been cleared off by depreciation<sup>2</sup>.

In January, 1891, there were 41 employés. Two of these worked at home, and the remainder on the society's premises. Twenty-seven of the employés were shareholders, owning

<sup>1</sup> Congress Reports, 1883, p. 102 ; 1884, p. 102 ; 1885, p. 148 ; 1886, p. 32 ; 1887, p. 48 ; 1888, pp. 39, 43 ; 1889, p. 33 ; 1890, p. 152 ; and 1891.

<sup>2</sup> Co-operative Congress Report, 1892, p. 172.

£267 of share and loan capital. The remaining capital was owned by fifteen other shareholders. One employé is on the committee. The larger portion of the society's sales is made to private firms. In a letter in which he sent some information, Mr. Hassall concluded by expressing his acknowledgments to the Co-operative Wholesale Society, saying, it 'has been a great friend to us all along.'

Early in 1873 an effort was made to start a silk manufacturing society at Macclesfield<sup>1</sup>, on the basis of 7½ % interest to share capital, the remaining profits 'to be divided into three equal parts—one for capital, one to the persons employed by the society, and one to the co-operative purchaser'. The effort was abortive.

On July 11, 1887, Mr. Barnett, the secretary and manager of the Macclesfield distributive society, introduced to the members' meeting the desirability 'of investing £1,000 in a silk manufacturing society,' and suggested that it should be on 'condition that the members and friends subscribed an equal sum.' The proposal was 'carried by a very large majority'. Four hundred pounds towards this second £1,000 was subscribed almost immediately by individual members of the society<sup>2</sup>; but after this, the enterprise appears to have somewhat dragged.

A prospectus issued on May 17, 1888, repeated the conditional subscription of £1,000 by the Macclesfield store, and solicited share subscriptions. It stated that Macclesfield 'is by far the best suited for the establishment of a concern of this character, inasmuch as it is the chief seat of the silk industry of England;' and the promoters added, 'the local school of design ranks the second in England in the national examinations, so we shall be able to command the services of rising men of the highest repute in designing.' Shares were to receive a fixed dividend of 5 % per ann., all deficiencies to be made good out of the surplus profits of succeeding years. Five-tenths of the remaining profits were

<sup>1</sup> *Co-operative News*, vol. iii. p. 192.

<sup>2</sup> *Ibid.*, vol. xviii. p. 733.

<sup>3</sup> *Ibid.*, vol. xviii. p. 721.

to be divided among the workers in proportion to wages, one-tenth was to go to a reserve fund, and the remaining four-tenths were, it was stated, 'to be applied, as the committee may authorize, in opening up new markets, rewards for special services, allowances to customers, or in any other way the committee may deem expedient.'

The society was registered in May, 1888, and at the end of the year it numbered 167 members, with £1,998 of share capital<sup>1</sup>. At a conference held in October, 1888, Mr. Barnett read a paper to the assembled delegates from societies, in which, among other points, he said the new society would take care that the manager should be a 'thoroughly proficient practical man, because we are quite convinced that if we engage an inferior one it is certain to be disappointing.' He also said that 'the hand-loom weaver had yet a future before him not to be despised,' and that the fixed expenses of the society would be light, as they meant to support the hand-loom<sup>2</sup>.

By the end of May, 1889, there were 13 shareholding societies and 165 individual shareholders, with a subscribed capital of £2,641; and towards the close of the year, the society commenced business; the sales up to the end of 1889 amounting to £188<sup>3</sup>. The sales for 1890 were £1,164, but no profit was realized. Early in 1891, the Macclesfield distributive society decided to advance another £1,000, as the venture seemed to be progressing satisfactorily; and it was 'decided to purchase a large number of new looms to occupy two new large rooms recently taken for the extension of their business<sup>4</sup>.'

The sales in 1891 were £3,370, on which a profit of £18 was made. In 1892, the society took a great leap forward, and its sales in the first six months of the year were £6,185. There was, however, a loss of £131, caused by the concession of an advance of 10% on wages immediately after

<sup>1</sup> Congress Report, 1889, p. 123.

<sup>2</sup> *Co-operative News*, vol. xix. p. 1080.

<sup>3</sup> Congress Report, 1889, pp. 63, 152.

<sup>4</sup> *Ibid.*, 1891.



the society 'had entered into contracts for at least £4,000 worth of goods.' The cost of this advance was £145. The committee added :

'The silk industry has never been in such a deplorable state for the last 25 years, though in the face of this we have been able to keep our looms going, but at a much greater expense in styles and designs than otherwise would have been necessary if trade had been in a more prosperous condition. . . . The only goods that have been in demand have been of a very special character.'

In the second half of 1892, additional premises had to be taken ; and the committee reported that they had reluctantly been compelled to cancel 'many thousands of pounds of repeat orders.' The sales for these last six months were £11,789, on which a profit of £729 was made, after making ample provision for depreciation, and for interest on loans. The whole of previous losses, amounting to £672, were cleared away, and the balance of £57 was carried forward. The share capital amounted to £2,690, and the loan capital was £6,205<sup>1</sup>.

I am told that the bulk of the Macclesfield Manufacturing Society's business is with private firms ; and that, notwithstanding the prejudice against co-operation, the society has succeeded in winning an entrance into the best markets. In 1891, the society had 30 employés. 15 of whom worked at home, and 15 on the premises. This number must have been trebled in 1892. Eight of the employés were shareholders, but they supplied 'very little, if any,' capital. No employé is on the committee.

The tailoring trade has been a frequent field of experiment for co-operators, as will have been noticed by readers of the earlier chapters. One of the attempts, after the death of the Christian Socialist movement, was an industrial partnership of clothiers, which was started in 1866, with Thomas Hughes as one of the directors. Its offices were at 33 Poultry,

<sup>1</sup> Co-operative Congress Report, 1892, p. 172 ; *Co-operative News*, vol. xxiii. p. 963, and vol. xxiv. p. 127.

London ; but the promoters tried also to interest the country ; and Mr. Peter Shorrocks, secretary of the Amalgamated Tailors' Union, Manchester, agreed to receive subscriptions. The shares were £1 each, and 7 % per ann. was to be paid on them. Of the remaining profits, 50 % was to go to capital, while labour and trade took half each of the balance<sup>1</sup>. I cannot find any traces of this association starting business.

It seems, however, to have been the cause of the starting of the Manchester and Salford Tailors' Society, of John Dalton Street, which was registered in October, 1867, and commenced business early in 1868. This society became sufficiently vigorous to hold a first annual meeting at the Downing Street Co-operative Hall, at the end of 1868 ; at which, Jacob Bright, M.P., and the late Ernest Jones, were present. At this meeting, Mr. Peter Shorrocks, the tailors' union secretary, said that 'the members of the trade were co-operating, not only in Manchester, but in London, Birmingham, and Newcastle-on-Tyne, and he knew of no trade that was more calculated for associative effort of a profitable character<sup>2</sup>.' Share capital was to receive 7½ % per ann. interest, and the method of doing business was a kind of cost price, plus expenses system, the balance of profits going to the workers. In March, 1869, there were 64 shareholders ; but the amount of capital held by them is not stated<sup>3</sup>. The society had a short, yet lingering existence, and was ultimately dissolved in 1872<sup>4</sup>.

A pathetic and interesting struggle was made by the Working Tailors' Association, which originated with a small trades union of tailors of foreign extraction, located in Leman-street, London. The first secretary was Lewis Lyons, who since then has taken a prominent part in East End industrial agitations, and was (in 1891) a member of the London Trades Council. The Rev. S. A. Barnett, of Toynbee Hall, helped the association by granting the free use of rooms ; and among

<sup>1</sup> *Co-operator*, vol. vii. pp. 74, 156.

<sup>2</sup> *Ibid.*, vol. viii. p. 819.

<sup>3</sup> *Ibid.*, vol. ix. p. 153.

<sup>4</sup> Registrar's Returns, 1872, p. 63.

other helpers, were the Rev. Stuart Headlam, and the late Mrs. Patterson, the founder of the Women's Co-operative Printing Society, and secretary of the Women's Protective League. Mr. D. F. Schloss, the Co-operative Aid Association, myself, and other co-operators, helped with advice and funds.

The object of the society was to rescue the workers who 'were in the employ of sweaters, working for starvation wages,' and who were at the mercy of these sweaters, 'in consequence of their inability to speak the English language<sup>1</sup>.' The system of conducting business was to receive the ready-cut materials from wholesale manufacturing clothiers and make them up into garments, in exactly the same manner as an ordinary sweater.

It took nearly a year to raise the £60 necessary to start the men at this task of 'sweating themselves,' and in the interval the secretary had to resign, owing to an unfortunate financial deficiency. Mr. C. F. Nash, a civil service clerk who had been acting as treasurer, now became hon. secretary; and acted as such up to the end of the society, with singular patience and self-sacrifice. In August, 1885, a workshop was taken in Tenter-street East, Whitechapel, and Mr. C. W. Mowbray, an ardent socialist, was appointed manager.

He did not stay long. His ideas and methods did not fit in with those of the sweating trade. Disagreements ensued; I was called in as a mediator, and Mr. Mowbray was induced goodnaturedly to free the society from its engagement with him. At the end of September, the business showed a loss of £33, out of a total share and loan capital of £67. It was impossible to continue on these lines, so at the members' meeting the workers agreed to a new method of management.

It was decided to set aside, out of each week's earnings, a sufficient sum to cover the rent, rates, gas, depreciation, contribution to reserve fund, and other management expenses, and divide the remainder among the workers in

<sup>1</sup> *Co-operative News*, vol. xvi. p. 126.

proportion to the amount of wages they had earned. This reversal of the ordinary practice acted well, so long as work could be obtained. The efforts of the men were heroic ; and week after week in the slack season, they went home with very short allowances, buoyed up with the hope of making the society a means of industrial salvation. In 1886, they paid about £700 in wages ; and, at times, had sixteen or eighteen persons at work. They increased their capital to over £130, wrote off their formation expenses, and accumulated a small reserve of £8 towards writing off their earlier losses.

Unfortunately, the chronic difficulty of getting work became more and more acute. Bills had to be taken, instead of cash, for work done ; and, although this difficulty was got over by discounting under guarantee of friends, the difficulty of getting work proved insurmountable. It was asserted that the sweaters had to tip the 'putters out' at the manufacturing clothiers in slack times to get work ; and that, as no tips could be given by the association, they were either prevented getting work, or were given only the worst quality and the lowest paid kinds. At the end of April, 1887, it was decided to wind up. The working members were repaid their share capital in full, at the instance of the other members, who were impressed by their 'heroic devotion to the society,' which 'deserved success, although they did not achieve it'.

In 1885, a Mrs. Heckford started a skirt and dress-making factory in Shadwell, supported financially by some sympathizers, for the purpose of raising the condition of the poor seamstresses of the East End. After a short time, she made it into a co-operative society, all the profits being allotted to the workers, but to be accumulated as share capital. A contract was obtained from the Army Clothing Department ; but the difficulty of getting sufficient work, and the admittedly unbusinesslike methods of Mrs. Heckford,

<sup>1</sup> Third Report of Co-operative Aid Association, p. 5.

prevented the society succeeding. In 1887, the business again became a private undertaking<sup>1</sup>.

Mrs. Heckford's attempts to get work for her society caused her to come into collision with another philanthropic effort at Carteret-street, Westminster, of which Miss Burke, sister to the Under-Secretary murdered in the Phoenix Park, was then the hon. secretary. By the advice of the Co-operative Aid Association, this effort was registered as the Needlewomen's Co-operative Association on March 15, 1887; the rules providing that, after paying 5 % on the capital, the remainder of the profits should be divided among the work-people, but that these profits should not be withdrawn until the recipient held two pounds in fully paid shares. About 130 women were employed at the time of registration, a large number of them being soldiers' wives or widows<sup>2</sup>. The work done by the needlewomen is of two classes; 'white work' of the finest quality for the use of wealthy ladies, and shirts, &c., for the Army Clothing Department and city firms. The society had, for a short time, an East End branch at Tenter-street, Whitechapel. The two years' working before registration showed losses of £636, and £687, respectively. Since registration the losses were £471 in 1888, and £12 in 1889; while in 1890, there was a profit of £298. The number of work-people in 1890 was 60; and the wages paid for the year amounted to £1,308. All the employés work on the premises.

The association has an array of titled patronesses. It was stated that 'it is now a constant practice for ladies to buy their patterns in Paris, and bring them to be copied in Carteret-street. . . . a large order has lately been made up for a French lady before her return to France.' I have been informed that a part of the Duchess of Fife's trousseau was made there. In 1890, the share capital was £830, the loans were £710, and the reserve was £300. The sales for the

<sup>1</sup> First and Second Report of Co-operative Aid Association.

<sup>2</sup> Second Report of Co-operative Aid Association.

year were £2,301, and the accumulated deficit was £961. Several members have 'changed their loans and shares into donations,' so as to clear away this deficit and give the association a level start for the year 1890-1<sup>1</sup>. According to the *Girls' Own Paper* for July 1891, the association was then removing to 170 Buckingham Palace Road, and was changing its name to the Alford Needlework Association and Needlework Registry, in memory of the late Lady Marion Alford, who was the founder.

The Co-operative Needlewomen's Society, of Brook-street, Holborn, was started in 1880, I think by Miss Simcox. It has never been registered, but it claims to be 'an association, not of employers of labour, but of the labourers themselves. It is an attempt of a little group of workers to come into immediate relation with those who require their labour<sup>2</sup>.' The association mostly does 'handwork of a superior character.'

Another small business, The Co-operative Dress and Mantle Makers, was started by two ladies, with the help of some friends, at Lorrimore Square, Walworth, S.E., in November, 1889. The objects were 'a high standard of work, good wages, healthy conditions of work, assigning a portion of the profits to the workers, and the formation of a provident fund<sup>3</sup>.' This business was never registered as a society; but I have been told that, in 1893, it was still being carried on by one of the founders, chiefly with the object of giving a good training to poor apprentices, in which it has been successful. No profits have been made.

The Workwomen's Co-operative Association, of Walden-street, Commercial Road, E., was registered under the Joint Stock Companies Act, and was started in 1887 by a number of gentlemen 'who were actuated by the desire to do something to remove the evils which had been brought to light as to sweating.' The promoters 'looked upon themselves

<sup>1</sup> Report of 1890 of the Needlewomen's Co-operative Association.

<sup>2</sup> Aberdeen House Co-operative Exhibition Catalogue, 1888.

<sup>3</sup> Prospectus issued November, 1890.

as philanthropic sweaters,' the arrangement being to supply the money without interest, and the secretary giving his services<sup>1</sup>. Between £1,000 and £2,000 had been expended in buying up a sweater's business, improving the workrooms, &c. In the society's report for the year 1890, it was said that 'the prices paid by the wholesale houses for labour have been found sufficient to pay all the factory expenses, salaries, &c., and still allow a larger wage than the women usually obtain from the "sweaters!"' The society, therefore, claims to be justified by the results of its efforts<sup>2</sup>. These satisfactory results did not continue, and about the end of 1891 the association ceased to exist.

The Mantle Makers' Co-operative Society, of Tenterstreet, Whitechapel, was registered in September, 1889. 'It was started, with no help from the outside,' by the men engaged in mantle making.

'It worked through' the busy season 'with an incompetent manager, and no regular accounts, with the result that it had to face the slack season during the winter months with no funds in hand and a complete change of management. For nearly six weeks no work was done, but as soon as the spring busy season (1890) commenced the efficiency of the new organization was fully proved; orders were rapidly received, and as rapidly executed; new machines were purchased from the invested share capital and by a loan from a working member; and the premises were enlarged by the hire of other workrooms<sup>3</sup>.'

In the society's report for the year 1890, the share capital stood at £22, and loans at £44. The fixed stock amounted to £73, the cash received for work done was £1,337, and the wages paid had been £1,215. As many as 35 men had been employed at one time. The business consisted of receiving materials from city firms, and making them up for these firms into mantles. There was a loss of £1 10s. on

<sup>1</sup> *Co-operative News*, vol. xix. p. 1323.

<sup>2</sup> *Nationalisation News*, April 1, 1891.

<sup>3</sup> Fifth Annual Report of Co-operative Aid Association.

the year's working, after writing £7 2s. 6d. off fixtures and paying interest.

The association had the great advantage, at the end of 1889, of securing the services of Mr. H. A. Day (Toynbee Hall) as hon. secretary. He not only worked gratuitously, but advanced money to tide the society over difficulties. Early in 1891, the association came to a sudden end, through no fault of the men, as Mr. Day informed me, but because a sudden change of fashion caused their services to be no longer needed by the firms that had employed them; and, as the capital was locked up in fixtures, very little was realized from the assets on going into liquidation.

The Atherstone Hat Manufacturing Association is the last to be noticed in this section. It was started at the latter end of 1889, and was registered on February 6, 1890. The society originated through the exceptionally severe antagonism aroused against the distributive Co-operative Store. This took 'the form of scarcely veiled boycotting,' some of the committee losing their employment, while others were threatened with dismissal.

The advice of the Co-operative Union being sought, Mr. J. C. Gray went down to Atherstone. He found that the town was mostly devoted to felt hat making; and that £500 or £600 of capital would 'find work for about 200 people.' He therefore recommended them to 'become their own employers, thus combining the offices of wage earners and wage payers, and becoming independent of the goodwill of any capitalist employer<sup>1</sup>.'

The rules provide for 5 % interest to be paid to share capital; half the remainder to go to the workers, three-tenths to the customers, one-tenth to the shareholders, and the balance in equal portions to an educational fund and to remunerate special services. In October, 1890, the association had done a business of £1,053 in its first half-year. Nearly all the sales were to private firms. There were

<sup>1</sup> *Co-operative News*, vol. xx. p. 1298.



55 employés, and 20 of these were shareholders, holding £141 of capital. Three co-operative societies held £20 of capital, and 47 individuals held £846. Most of these are operatives, who will work for the society when there is an opportunity. The total share capital was £1,008, and the loans were £182. Two employés were on the committee; 45 employés worked on the premises, and ten, engaged in trimming, preferred to work at home. In 1891, the sales were £5,352, on which a profit of £177 was made. The number of members had fallen to 64, and the share capital to £978. On the other hand, the loan capital had gone up to £844, and there was a reserve fund of £50<sup>1</sup>.

<sup>1</sup> Co-operative Congress Report, 1892, p. 174.

## CHAPTER XIX.

### BOOT AND SHOE SOCIETIES.

IN William Nuttall's well-known statistics of failures of productive societies, it is mentioned that from 1862 to 1880, there had been seven societies registered for the manufacture of boots and shoes. Two of these were at Northampton, and there had been one each at Bury St. Edmunds, Leeds, Norwich, Sheffield, and Stafford. At the end of 1880 they were all dead<sup>1</sup>.

The condition of the shoemakers in the earlier portion of this period, is shown by statements made during a missionary visit to Northamptonshire, by D. P. Foxwell, in 1867. This journey was undertaken at the instance of Henry Pitman, who, as editor of the *Co-operator*, had collected a special fund for the purpose. Being a shoemaker, Mr. Foxwell took special interest in this portion of his work. Among other places he visited Raunds, a village of about 2,500 inhabitants, which, he said, was 'chiefly occupied by shoemakers, but all under the control of one employer, who resides in the place. He keeps a grocer's and draper's shop; and if you don't spend your money at his establishment you must go and seek work at another village.' It was further asserted that at this time there were 'hundreds of shoemakers who toil for the miserable pittance of 2½d. per hour<sup>2</sup>.'

<sup>1</sup> *Wholesale Annual*, 1883, p. 174.

<sup>2</sup> *Co-operator*, vol. vii. p. 394.

What may be termed the new series of boot manufacturing societies was started by the registration, at the end of 1880, of the Earls Barton Boot Productive Society. At the end of 1881, it had still only eight members; and at the end of 1883, there were only twelve<sup>1</sup>. An official statement said the 'society was begun because of the masters around us cutting down wages; and we thought we could help ourselves by starting a society on purely co-operative principles, our work-people taking part in the management, and also in the profits of the society<sup>2</sup>.' The produce was sold mostly, if not exclusively, to the distributive co-operative societies. At the end of 1884, the society numbered 38 members, with £48 of share capital, and the sales for the year were £240. There appear to have been no profits made until 1887; and 1886 showed a loss of £113, on sales amounting to £1,105<sup>3</sup>. In 1887-9, the profits were £84, £67, and £27, on sales respectively of £1,582, £2,465, and £4,650<sup>4</sup>. In November, 1890, the society went into liquidation, owing principally, it was said, to the difficulty of getting enough capital. The share capital at the end of 1889 was only £72, subscribed by 26 members; and the loans amounted to £61. Of these sums £110 was absorbed by fixed stock, leaving only £23 of available capital<sup>5</sup>. The liquidation produced a net amount of £249; and the creditors' claims amounted to £1,514<sup>6</sup>.

The Northamptonshire Productive Society at Wollaston was registered in 1881. It originated through oppressive evasions of the Truck Act. The men were mostly employed by the firms who contracted with the Government to supply boots and shoes to the army and navy; and the existing system of working the business was described as follows:

<sup>1</sup> Registrar's Returns, 1880, p. 53; 1881, p. 30; and 1883, p. 44.

<sup>2</sup> Catalogue of Exhibition at Lord Aberdeen's, 1888, p. 15.

<sup>3</sup> Registrar's Returns, 1886, p. 46.

<sup>4</sup> Congress Reports, 1888, p. 39; 1889, p. 34; and 1890, p. 152.

<sup>5</sup> *Ibid.*, 1890, pp. 152, 153.

<sup>6</sup> *Shoe and Leather Trades' Record*, August 14, 1891.

‘The contractors employ persons in this and the neighbouring villages to give out the work to be done, and these persons, in a great many instances, keep shops for the sale of groceries, &c., which groceries the workmen have been under an obligation to purchase. This has not only been the cause of much hardship to the workman, but has also hindered, in a very great measure, the spread of distributive co-operation in these villages’.

The writer of the above, Thomas Rice, attended the opening of the Wholesale Society’s new warehouse, Hooper Square, in January, 1881, in company with another Wollaston delegate. During the day they sought advice from me; as some of the Wollaston store members had been placed in the predicament of having to choose between giving up the store or losing their work. I recommended them to dispense with their employers and start a society to employ themselves. They were willing to do this, but saw difficulties as to getting capital, and getting a contract from the Government. By the help of friends connected with the Central Board and the Guild of Co-operators, but principally through the pertinacity of the men themselves, the society was formed, and sufficient capital secured; and a contract, large enough to last twelve months, was for the first time obtained from the British Government by a body of working men.

The rules were carefully drafted by Mr. E. V. Neale, with a view to the society ultimately embracing, by means of branches, the whole of the people employed on government work. Each member was to have at least three transferable and three withdrawable £1 shares, and was to be responsible for the quality of his own work. The interest on transferable shares was fixed at 6 %, and on withdrawable at 5 % per ann. The remaining profits were to be divided among the workers in proportion to the amount of wages earned by them. No work was to be given to any but full members, except to probationers ‘by the express orders of

<sup>1</sup> *Co-operative News*, vol. xiii. p. 195.

the committee,' and probationers were to be admitted as members as soon as they had paid up £2 of share capital.

In 1885 the rules were altered. Every member had to have at least six transferable and six withdrawable £1 shares, and married women were forbidden admission. The committee were now empowered to employ non-members as workers, who should receive 'a dividend on the wages earned by them during the quarter' as might be 'determined by the ordinary business meetings.' The workers were, however, 'allowed to become members after they had been employed not less than eight weeks in a quarter,' if the committee were satisfied with their conduct and work, and were of opinion that there is 'a reasonable prospect that the society will be able to give the applicants permanent employment.' Share capital was allowed interest as before, and in addition, a portion of the profits at the same rate on the interest paid, as was allowed to the workers on wages earned.

In 1888, the rules were again altered. Societies were allowed to become members, but this time all women were excluded. Each member had to hold at least twenty £1 shares, and all shares were transferable. No man over forty years of age could be admitted as a working member. The probation before new employes could apply for membership, was extended to twenty-four weeks; and they were still subject to the restrictions imposed by the 1885 rules. They were, however, now allowed the same dividend on wages as the working members. The rate of interest on share capital was fixed at 4 % per ann., and 40 % of the net profits was allotted to it in addition; while the workers now took 50 % only, instead of the whole. A worker's dividends had to accumulate as share capital until he had £200 invested.

The number of members in 1883 was twenty; in 1885, thirty-three; and in 1886, forty-three. In 1888, it had gone up to fifty-four; but at the end of 1890, it had gone down to forty-two. The share capital has steadily increased from

£350 in 1883, to £1,009 at the end of 1890; and the loans have gone up in the same period, from £150 to £585. The sales in 1883 were £2,825, and went up rapidly until 1887, when they amounted to £14,227. For the year 1890, the sales were £11,627<sup>1</sup>. The larger amounts in 1886-7 were caused by the extra urgent needs of the Government at that time. In 1891, the sales were £16,982.

Every year has shown a profit, varying in amount from £129 in 1882, to as high as £633 in 1891, besides paying the regulation share interest; and the net total made in the ten years, 1882-91, was £3,525. Before the alteration of the rules in 1885, the dividends to the workers ran as high as 6s. 8d. in the pound<sup>2</sup>. The balance sheet for June, 1885, which was the first quarter after the alteration of the rules, showed that the net profit, after paying interest, was allotted as follows: Working members, £73 12s. 9d.; closers and eyeletters, £5 4s. 4d.; and working non-members, £16 17s. 4d. As near as I can make out, these figures equal 3s. 4d. in the pound to the working members, 1s. 8d. in the pound to the closers, and 1s. 2d. to the working non-members, on the amounts of their wages. According to Mr. Herbst, the effect of the alteration of rules in 1888 has been to give share capital 9 % per ann. as a first claim on the profits. This, I think, is a misreading of the rule; but for all that, it is done. In 1891, the sum of £171 was divided among the shareholders as their proportion of the profits, being equal to an additional 18 $\frac{3}{4}$  %, and making altogether a total of 27 $\frac{3}{4}$  % for the year, when the 9 % interest is added. £274 was divided among the workers in the same year, being equal to 1s. 5 $\frac{1}{2}$ d. in the pound on their wages<sup>3</sup>. The balance sheet for September, 1892, showed that the same method of dividing profits was still

<sup>1</sup> Congress Reports, 1884, p. 102; 1885, p. 148; 1886, p. 140; 1887, p. 48; 1888, p. 39; 1889, p. 152; and 1890, p. 150.

<sup>2</sup> Ibid.

<sup>3</sup> Co-operative Congress Report, 1892, p. 172.

practised. The wages for the quarter were £1,014, and the bonus allotted was £33 16s., being equal to about 8d. in the pound.

In 1884, the society purchased a plot of freehold ground and built a small factory. As far as I can trace the figures through the balance sheets, about £370 have been spent on the site and buildings, and about £250 on machinery and fixtures, making a total of £620. In September, 1892, this sum had been written down on the balance sheet to £190.

The society has had comparatively little trouble. Early in its history it had to ask Mr. Rice, one of the founders, to retire; and, about 1885, it had the assistance of Mr. John Butcher (of the Co-operative Wholesale Society's Leicester Works) to re-organize its methods of working, and of account keeping. In 1888, it had, in the March quarter, a small loss of £5, which was attributed to 'the exceptionally heavy quantity of rejections' they had had from the Government. This was not through bad workmanship, but through extra strictness on the part of the inspectors. The director of army contracts has several times spoken highly of the work of both this and the other societies that are engaged on Government contracts. At the latter end of 1892, the society suffered a severe check by missing its Government contract, its quotation being too high. As almost all its business is with the Government, the employés were placed in a difficult position by the occurrence.

Mr. Herbst has given me a few figures not obtainable from the balance sheets or other sources. The workers own nearly all the share capital. In 1890, 33 workers and 9 individuals constituted the shareholding body. In addition to the 33 working members, the society was employing 96 non-members. Thirteen persons worked on the premises, and 116 at their homes. The committee are all working members. The balance sheet for September, 1892, showed that there were then 49 members, with £1,132 of

share capital, and £1,178 of loan capital. The reserved funds amounted to £260.

In the latter part of 1884, the Wollaston men established a branch in connexion with their society at Chesham, in Buckinghamshire; but 'after some time it was closed, owing to the number of rejects made by the Government inspector. The Co-operative Aid Association made careful inquiries into the matter, and came to the conclusion that the Chesham men were not to blame.' I went down to Chesham, and helped to persuade the men 'to make a start on their own account.' Mr. Nepean, the director of army contracts, was interviewed, and he promised a contract, for which two officers of the Aid Association acted as guarantors. The Aid Association also made a loan to the extent of one-half of the paid-up share capital<sup>1</sup>.

The society was registered in June, 1885, and business was commenced in the following November, several societies and a few individuals helping with both share and loan capital. The work gave satisfaction; and in January, 1886, the society received an unsolicited offer to increase their contract fourfold, and to extend it over the whole of 1886. The offer was accepted; sixteen additional workers were put on, and the members promised that all of these should be allowed, after trial, to become sharers in the profits equally with the first workers<sup>2</sup>.

For a time the society went on remarkably well, doing a steadily increasing trade, which, for the quarter ending September, 1886, amounted to £2,102; while their capital had grown to £561, and the amount paid in wages was £648<sup>3</sup>. The profits also were very good, and, after paying interest on capital, allowed of dividends being declared on wages at the rate of 3s. and 4s. in the pound.

'Unfortunately, dissensions arose between what we may term the old men and the young men. The Aid Association tried

<sup>1</sup> Co-operative Aid Association's Report, 1885.

<sup>2</sup> *Co-operative News*, vol. xvii. p. 93. <sup>3</sup> *Ibid.*, vol. xvii. p. 1048.



to act as mediators, and remonstrated with them on the folly of spoiling their good fortune by quarrelling. But they seemed intoxicated with their success, and carried on their quarrel to the bitter end. The young men caused the leather factor to demand his account, which of course could not be paid without breaking up the society. He then bought them up as they stood at a discount of 10 % on the value of their stock, which resulted in a loss of £60.

Both parties then tried to start new societies, and one was actually registered, but never commenced business. They applied to the Aid Association for funds; but the association, considering the very cruel manner in which the Chesham bootmakers 'had allowed their passions to wreck a successful society, declined to again render assistance<sup>1</sup>.'

The experience of the Wollaston people with their short-lived branch at Chesham seems to have caused them to relinquish the idea of having branches; but their success had the effect of stimulating the bootmakers in other parts of Northamptonshire to imitate them. In 1886, societies were formed at Finedon and Rushden; in 1887, there were two started at Raunds and Walgrave; in 1888, one was started at Tingdene; in 1889, another was started at Burton Latimer; and in 1891, three were started—viz. at Irthlingborough, Raunds, and Rushden<sup>2</sup>.

The Finedon Boot Society began in a small way with 22 members, and in the last three months of 1886 their sales amounted to £91. On this small turnover they realized a profit of £30; from which, after paying 5 % per ann. interest on £136 of shares and £189 of loans, they paid a dividend on wages of 3s. in the pound<sup>3</sup>. Soon after the society started, it 'was successful in obtaining some large orders for army work from the Government, and it was decided to erect' a three-storied factory<sup>4</sup>. This was opened

<sup>1</sup> Co-operative Aid Association's Report, 1887.

<sup>2</sup> Registrar's Returns, 1886-9 and 1891.

<sup>3</sup> Congress Report, 1887, p. 48.

<sup>4</sup> *Co-operative News*, vol. xx. p. 239.

with mild rejoicings on April 30, 1887<sup>1</sup>. In 1888, the society, having 'gone on with undiminished success, a large addition was made' to the factory, to enable them to do their own currying; a gas engine was purchased, and a number of other machines put down to improve the efficiency of their work<sup>2</sup>. The sales for the year 1887 were £6,693, on which a profit was made of £314. The share capital had increased to £345, and the loans to £221. The number of members was 24<sup>3</sup>.

In January, 1889, the society sent in to the army contract department its usual tender, but were disagreeably surprised to hear a few weeks later that 'they had not been successful.' Acting on the advice of the manager and secretary, who 'stated that leather was firm, and that as we had not completed our orders, and only small orders were out, we might rise as a feeler,' the committee had tendered at an advance. But after giving this advance the two men secretly sent in a tender to the Government on their own account, and, having thus secured a contract, they informed the committee 'that they intended starting as partners in a concern of their own, but expressed their willingness to remain with the society for the space of five weeks.' A special general meeting of the society was at once called, when the members expressed their sense of the conduct of the manager and the secretary in working 'behind the society's back' by dismissing them with a week's notice<sup>4</sup>.

The progress of the society was not checked by the dismissal of the two men. The sales in 1889 were £14,004, and the profit was £749; while in 1890 the sales were £16,428 and the profit £660. The number of members at the end of 1890 was 28, the share capital was £1,319, and the loans £220<sup>5</sup>. Mr. Fox, the secretary, has informed me that in 1890 £12,928 of work was done for the Govern-

<sup>1</sup> *Co-operative News*, vol. xviii. p. 48.

<sup>2</sup> *Ibid.*, vol. xx. p. 239.

<sup>3</sup> Congress Report, 1888, p. 39.

<sup>4</sup> *Co-operative News*, vol. xx. pp. 239, 263.

<sup>5</sup> Congress Reports, 1890, p. 119, and 1891, p. 118.

ment, and £3,560 for societies and private firms. He has given no details of the method of dividing the profits. All the shareholders are workers, and they had, in addition, 102 employés who were not members. Mr. Fox added : 'A great many of our work-people are hand-sewn makers and live at a distance,' so do not work on the premises. In 1891, the sales were £19,881, on which a profit of £597 was made. The number of members at the end of that year was 27, the share capital was £1,860, and the loan capital was £267<sup>1</sup>.

Mr. J. C. Gray has told me that the Finedon men started their society 'in consequence of the society at Wollaston refusing to allow them to become members, although they had proved themselves to be efficient workers.' Having succeeded, the Finedon people, in their turn, began to refuse admission to the non-members working for them. At the request of a few members who had been refused admission, Mr. J. C. Gray went down to Finedon in 1888. He found that the men's statements were true : 'their work was good, and fitted them for membership as stipulated by the rules.' As, however, admission could not be obtained, the Tingdene Co-operative Boot and Shoe Manufacturing Society was formed and registered by them. In 1888, the new society effected sales to the amount of £1,361, on which a profit of £20 was realized. In 1889, the sales were £4,706, and the profit was said to be £15<sup>2</sup>. The profit stated here is, I think, erroneous ; because the secretary, Mr. Phillips, sent me some details for 1889-90 which scarcely fitted in with it. They had expended £719 on buildings and fixtures ; there were 29 shareholders, all workers, with £336 of capital. There were also £254 of loan capital. There were 58 employés, half of whom were non-members. The profits are divided according to wages earned, non-members receiving only half-dividend ; share

<sup>1</sup> Congress Report, 1892, p. 172.

<sup>2</sup> Ibid., 1888, p. 34, and 1889, p. 152.

capital received 5 % per ann. ; 13 persons were employed on the premises, and 46 at their homes ; all the sales were made to the Government. The secretary added :

‘ The reason for this is that there is the greatest difficulty in getting a footing with co-operative societies : our representative, whom we sent out in 1888, was a week in obtaining one small order from a Lancashire society ; he was repeatedly told that it was no use, as they bought from the Wholesale. . . . The West End shoe works seem to absorb and dry up all the sources which should apparently be the life of such societies as ours.’

The sales of the Timgdene society in 1891 were £12,033 ; but the profit realized was small, being only £55. At the end of 1892, the society came to grief ; and on January 26, 1893, a creditors’ meeting decided to wind up voluntarily<sup>1</sup>. The liabilities to creditors were £3,149, and the assets were £1,207. This left a deficiency of loss of £1,942, in addition to the share capital<sup>2</sup>.

The Raunds Productive Society was registered in 1887<sup>3</sup>. I believe that, like Finedon, it originated out of the refusal of the Wollaston society to admit the Raunds work-people as members, although they were willing to employ them. For its first Government contracts, the officers of the Co-operative Aid Association stood as guarantors, as they had also done in the case of the Finedon society<sup>4</sup>. The number of members was 14 ; and this number, at the end of 1890, had been increased to 17. The share capital, in like manner, had increased from £205 in 1887 to £446 in 1890. Business was commenced in 1888. In this year, the sales were £1,354, on which a profit of £107 was realized. After paying 5 % per ann. on shares, a dividend of 3s. in the pound was declared on wages<sup>5</sup>.

<sup>1</sup> Congress Report, 1892, p. 172.

<sup>2</sup> *Northampton Daily Reporter*, January 28, 1893.

<sup>3</sup> Registrar’s Returns, 1887, p. 108.

<sup>4</sup> Co-operative Aid Association’s Report, 1888, p. 6.

<sup>5</sup> Congress Report, 1889, p. 35.

Through Miss Beatrice Potter, I have been supplied with the balance sheets for 1889 and 1890, together with some additional details from the secretary. 'Our society,' he said, 'is chiefly engaged in making boots for the army under contract with the Government. We employ about ten persons on the premises. I could not, without some trouble, give the number we employ outside, as that varies; but of men and girls, it is quite 150.' The balance sheet for 1889 showed sales £5,385, and a profit of £200, after paying interest, and writing off fixtures at the rate of 15 % per ann. From this profit, the shareholders received a bonus of £22, equal to an additional 6 % per ann.; £40 was added to the emergency and reserve funds; and a dividend was declared on wages, in the first half of the year, as follows: Members, for making, total wages, £306, bonus £45 14s.; for closing, wages £45, bonus £3 6s.; non-members for making, wages £553, bonus £18 11s.; closing, wages £92, bonus £3 1s.; and day men, wages £63, bonus £9 6s. For the latter half of the year, the wages paid were not so great, neither were the sales so large, but the profit was better. The makers and closers who were members, again received the same rate of dividend; but the non-members received a larger share, viz. £18 4s. on £426 of makers' wages, and £2 10s. on £62 of closers' wages. On the other hand, the day men only received £3 11s. bonus on £82 of wages.

For the year 1890, the sales were £11,871, and the profit realized was £758, after paying interest on capital, and depreciating fixtures, which were thereby reduced to £129. The wages paid were as follows: Members, for making, £683, and for closing, £140; non-members, for making, £1,731, and for closing, £224; and to day men, £308. The profit was apportioned as follows: To members, for making, £332, and for closing, £18; to non-members, for making, £125, and for closing, £15; to day men, £17; to bonus on shares, £22; to reserve fund, £195; towards employes' dinner, £1 5s.; and balance undivided, £33. During the year an amount of £113 'emergency fund' was added to

share capital, being equal to a bonus of 33 %, in addition to the £22 mentioned above, or altogether about 40 % besides interest. The reserve fund at the end of the year stood at £369, and the bonus to the members for making, during the last quarter of 1890, was equal to 20s. in the pound on their wages. The sales in 1891 were £14,529, and the profit realized on these sales was £842. I am unable to say how the profit was divided. The number of members at the end of the year was 19, with a share capital of £1,246, and a reserve fund of £312<sup>1</sup>. A Northamptonshire correspondent has informed me that the society's business at the end of 1892 was very quiet; and it was only able to provide employment for its members.

In May, 1891, some of the non-members working for the Raunds society, applied to the Co-operative Union for the use of the model rules, to enable them to start a second society at Raunds. They explained through the provisional secretary, Mr. William Atkins, that they did not

'wish to injure, in any way, the existing society, and should be sorry to do so. We are,' he said, 'strongly in favour of co-operation, as we believe it is the best means of settling the dissatisfaction between employers and workmen. Our object is to give every competent man a chance who is willing to join, which is not the case with the existing society. They will not make members, which, we think, is a mistake; and thus there is a necessity for starting another society. I will give you one out of many instances. A man (W. Lilley) deposited £5 and worked for the society twelve months, paying another £5 in the meanwhile, and still is not admitted a member. There are a greater number of us preparing to start than there are in the existing society.'

Of course, after this letter, the Union allowed the use of the rules, and the men formed the St. Crispin Productive Society of Raunds. This society was registered in 1891, but did not commence business until 1892<sup>2</sup>; when it

<sup>1</sup> Congress Report, 1892, p. 172.

<sup>2</sup> Registrar's Returns, 1892, p. 66.

succeeded, I have been told, in obtaining an order from the Government for 500 pairs of boots. Since that first order, the society has been unsuccessful in its efforts to get another order from the Government; so, about the end of 1892, it was determined to make 'black work' for the ordinary market; and a traveller has been appointed to work on commission.

The society at Walgrave is also engaged on army work. Mr. Butler, of Wellingborough, has informed me that it is simply a combination of masters who have thought it expedient to assume the form of a co-operative society. At the end of 1891, this society had 9 members, with £539 of share capital, and £660 of loan capital. The sales in 1891 were £6,195, and the profit was £255. The shareholders were paid a dividend of 15 %, and the workers were paid a bonus of 1s. 3d. in the pound on wages<sup>1</sup>.

The Burton Latimer Society is another society producing for the use of the army. A co-operator, who paid a visit in midsummer, 1891, told me that the society was not flourishing, owing to the shortness of capital. At the end of 1891, it had 42 members with £690 of share capital. The sales for the year were £2,709, on which a loss of £126 was made<sup>2</sup>. Since then I have been informed that the society has made over the business to a Mr. Haddon, the terms being a payment by him, to the shareholders, of 10s. in the pound on the share capital.

The society at Irthlingborough is producing both army goods and boots suitable for co-operative societies; but I am told that the great competition for the trade of co-operators, by the existing boot societies, prevents it from getting many orders. The society is more successful with the army work.

The Rushden Productive Society, which was registered in 1886, does not seem to have been successful; for it never

<sup>1</sup> Congress Report, 1892, p. 172.

<sup>2</sup> Registrar's Returns, 1891, p. 62.

made any returns to the Registrar, and ceased to exist in 1889<sup>1</sup>. The Victoria Boot and Shoe Manufacturing Society at Rushden, which was registered in 1891, did business in that year to the amount of £1,773, and made a loss on it of £135. It had 40 members at the end of 1891, with £198 of share capital<sup>2</sup>. The balance sheet for the year 1892 showed that the previous year's loss had been written off share capital, leaving this item at £62. The sales for the year had been £2,912, and a profit of £63 had been made. The society was making all kinds of boots, except nailed work.

The Bozeat Industrial Boot and Shoe Manufacturing Society was registered in 1884<sup>3</sup>. It 'was started with the object of preventing the further lowering of wages, by the workers employing themselves<sup>4</sup>.' The trade is principally with co-operative societies<sup>5</sup>, chiefly through the medium of the Wholesale Society; and I have been informed by a correspondent, that in 1892, the Bozeat society received the assistance of the Wholesale Society in obtaining some shipping orders. This is said to be the first instance of a productive society making goods for export.

At the end of 1885, the society numbered 75 members, with £304 of share capital, and £250 of loans. Its sales for the year were £2,832. 'Although it had not made much progress during the year it had been able to maintain its own against many difficulties. The profits are to be shared between labour and capital, and every shareholder is a *bona fide* worker<sup>6</sup>.' The sales gradually increased up to 1888, and for that year they amounted to £4,422<sup>7</sup>. They had not, however, 'made any net profit, but some losses,' which were met by cash contributions 'by the workers to

<sup>1</sup> Registrar's Returns, 1889, p. 117.

<sup>2</sup> Ibid., 1891, p. 66.

<sup>3</sup> Ibid., 1884, p. 95.

<sup>4</sup> Aberdeen Exhibition Catalogue, 1888, p. 15.

<sup>5</sup> *Co-operative News*, vol. xix. p. 58.

<sup>6</sup> Congress Report, 1886, p. 38.

<sup>7</sup> Ibid., 1889, p. 34.



keep the capital up<sup>1</sup>.' These losses were ascribed to 'competition being so keen<sup>2</sup>.'

At the end of 1890, the number of members was reduced to 56, but the share capital had increased to £405; the loans amounted to £360; the fixed stock stood at £132; and the sales for the year were £3,693. For the first time the society had made a profit. It amounted to £109, but I do not know how it was divided<sup>3</sup>. In March, 1891, the secretary informed Miss Potter that there were 49 shareholders. 43 of these were workers, and owned nearly all the capital. All the members of the committee were workers. Seven of the employés worked on the premises, and 42 at their own homes.

The sales for the year 1891 were £3,614, on which there was a loss of £130. At the end of that year the share capital was £419, and the loan capital was £241. The number of members had decreased to 43<sup>4</sup>; and I am told that in 1892 the number was again decreased to 36.

On September 7, 1887, a large and enthusiastic meeting, held in the Town Hall, Northampton, decided to form 'a co-operative productive society for the manufacture of boots and shoes . . . and at the close of the meeting upwards of 70 members of the audience came forward and volunteered to take shares in the proposed society<sup>5</sup>.' The society was registered in 1888; and at the end of that year, it had 145 members, with £150 of share capital; but it did not commence business until 1889<sup>6</sup>.

The society had a dragging and unsuccessful career; and at the end of 1890, the balance sheet showed an accumulated loss of £298, while the share capital amounted to £311. The sales were about £2,000 a year.

<sup>1</sup> Aberdeen Exhibition Catalogue, 1888, p. 15.

<sup>2</sup> Congress Report, 1888, p. 44.

<sup>3</sup> Ibid., 1891, p. 110.

<sup>4</sup> Registrar's Returns, 1891, p. 62.

<sup>5</sup> *Co-operative News*, vol. xviii. p. 931.

<sup>6</sup> Congress Report, 1889, p. 34.

A Northampton co-operator, writing to me in February, 1891, said :

‘I am very sorry to say that the boot society is on its last legs. At the half-yearly meeting last night, a committee was elected to see about a proposal made by a gentleman to find the necessary capital to purchase the business upon the understanding that the name is kept on as before. Of course, this would mean a private affair, trading on the name of co-operative, and expecting to get orders from co-operative societies as before. The general impression is that the manager has not been as competent as he ought to have been. The society has plenty of orders on hand, but no money.’

On April 6, 1891, the above-mentioned negotiations having fallen through, a circular was sent out announcing the failure of the society, ‘owing to the Stamford and Spalding Bank not treating the society as generously as the larger creditors had offered to do. It was hoped that with the entirely new management every creditor would be paid in full ; but the conditions of the bank, who hold a debenture issued by the old committee, had made that impossible’<sup>1</sup>.

The Kettering Co-operative Boot and Shoe Manufacturing Society, which was also registered in 1888, has been more successful. It was started at a meeting held in the Iron room, Workhouse Lane, on April 21, 1888. The chairman, Mr. C. Pollard, said ‘there was everything to encourage them, including the fact that nearly all the present manufacturers in the town had themselves begun at the bench or the seat.’ Mr. G. Evans (of the Midland Section of the Central Board) urged the meeting ‘to go heartily into the work,’ and ‘to trade as much as possible with distributive co-operative societies, as that trade was worth 2½ % to 5 % more than outside trade on account of the absence of bad debts’<sup>2</sup>.

Business was commenced at the end of 1888, and the first report was made up to April 6, 1889. The sales had

<sup>1</sup> *Boot and Shoe Trades' Journal*, April 11, 1891, p. 399.

<sup>2</sup> *Co-operative News*, vol. xix. p. 424.

amounted to £869, and the profit was £12 14s. The number of members was 184, and the share capital was £525. The committee stated

‘that although the work of forming a business and finding a market for the goods produced was by no means an easy task, they think that they have every reason to feel gratified with the result of their efforts, as in the short space of four months they have not only succeeded in getting the business into working order, but have also obtained a fair measure of co-operative support, having opened accounts with upwards of seventy societies <sup>1</sup>.’

The total sales for 1889 were £5,061, and the profit realized amounted to £336. Mr. Ballard has informed me that in 1889, labour received a dividend of  $6\frac{1}{2}\%$  on wages, and customers received  $1\frac{1}{4}\%$  on the amount of their purchases. Share capital received a total interest and dividend equal to  $8\frac{3}{4}\%$ . The year ended with 208 members and £1,032 of share capital. For the year 1890, the sales were £9,483 and the profit was £748. Labour received 1s. 6d. in the pound on wages, and purchasers 4d. in the pound on the sales. Share capital obtained 10%. The number of members had increased to 271, with £1,677 of shares, and £214 of loans <sup>2</sup>.

A circular issued with the balance sheet for April, 1891, said accounts have been opened ‘with upwards of 300 co-operative societies’; and ‘owing to the rapid development of our business we have found it necessary to purchase land and erect a factory thereon.’ A woodcut, which the manager (Mr. Ballard) has sent me, shows this new factory to be a well-lighted, commodious building of three stories and a basement. £1,416 had been expended on it up to that date, and the fixed stock, which included a gas engine and some machinery, stood at £238. The sales for the year 1891 were £13,870, and a profit was made of £1,040. The distribution of this profit gave the shareholders a dividend

<sup>1</sup> *Co-operative News*, vol. xx. p. 435.

<sup>2</sup> Congress Report, 1890, p. 152, and 1891, p. 156.

of  $9\frac{1}{4}\%$  on their share capital, the work-people a dividend of 1s. 6d. in the pound on their wages, and the customers a dividend of 5d. in the pound on their purchases<sup>1</sup>. The rules of the society were altered in the latter part of 1891, so as, in the opinion of the members, 'to allow a more equitable division of profits.' The sales for the first half of the year 1892 were £10,249, on which a profit was made of £697, besides paying interest at the rate of 5 % per ann. on £2,407 of share capital. A further dividend was declared on share capital at the rate of  $3\frac{3}{4}\%$  per ann. Forty per cent. of the profits are by rule apportioned among the customers who pay their accounts 'within 14 days from the receipt of goods.' This apportionment provided a dividend on purchases of 8d. in the pound. The work-people also have 40 % of the profits apportioned to them; and for this half-year their share amounted to £265, being equal to a dividend of 1s. 9d. in the pound on their wages. At the end of the half-year the society had written off the whole of its fixed stock and machinery account. The land and buildings stood at £1,664. They are depreciated at the rate of  $2\frac{1}{2}\%$  per ann. The reserve fund amounted to £202, and the provident fund to £150. Thirty additional societies had taken up shares during the half-year. No shareholder is allotted less than five £1 shares, or more than twenty-five. All the members of the committee, in July, 1892, were employes. At that date the committee consisted of the manager, the foreman, a clicker, four finishers, and eight ieters<sup>2</sup>.

The Portland Town Mutual Profit-Sharing Society was registered in 1885. It originated with Mr. D. P. Foxwell, and its principal supporter was Mr. A. K. Connell, who gave both time and money to the society and acted as hon. secretary. Mr. Foxwell was the first manager. The stock and goodwill of a boot shop at 4 Barrow Hill Road,

<sup>1</sup> Co-operative Congress Report, 1891, p. 172.

<sup>2</sup> Society's Balance Sheets, January and July, 1892.

St. John's Wood, were purchased, and the business of making and repairing boots and shoes was entered upon. The prospectus stated that the society 'had been established in order to offer a better career to hand sewers employed in West End establishments and riveters employed on the East End sweating system.' The shares were 10s. each, and the profits were to be divided as follows: Interest on capital at 5 % per ann., 30 % of the remainder to the workers, 10 % to capital, and the balance to customers and to educational, sick and reserve funds.

In 1886, the society numbered 24 members, with £298 of shares, £93 of loans, and sales for the year £468. No profit was made<sup>1</sup>. The society struggled on under continued difficulties. Mr. Foxwell ceased to be manager, but his successor did not succeed in improving matters; and in 1890, the manager being found deficient in his accounts, the society was dissolved. Mr. Connell has told me that he lost £300 by the society.

A prospectus issued by the Norwich Co-operative Boot and Shoe Manufacturing Society stated that

'on February 14, 1885, 22 working men, with a capital of 11s., started the society on true co-operative principles, with a view of bettering their own condition and that of their fellow-workmen employed in the boot and shoe trade of the city. They commenced business by selling the nails used in their trade . . . and the society was registered on May 20, 1886. In August of the same year, a leather and grindery store was opened<sup>2</sup>. The business has continued to grow, and it is now (April, 1889) deemed advisable to go fully into the manufacturing of boots and shoes. We have 150 members, . . . and the following is the proposed division of profits':

Thirty-five per cent. each to the workers and to customers, 10 % to the committee, and the remaining 20 % among four funds—provident, special, educational and reserve.

<sup>1</sup> Congress Report, 1887, p. 48.

<sup>2</sup> It may be as well to explain that by the term 'grindery' is meant the nails and sundry articles used in the making and finishing of boots and shoes.

The society has continued to prosper. In 1888, the dividend on wages and purchases was 1s. 6d. in the pound; in 1889, it was 1s. 4d.; and in 1890 the dividend to labour was 9d., while to purchasers it was 6d. At the end of 1890, there were 198 members, with £252 of shares and £103 of loans. The sales for the year were £2,012, on which a profit had been made of £136. The fixed stock stood at £94, and the reserve fund at £12<sup>1</sup>. Through Miss Potter, I am informed that, at the beginning of 1891, there were 15 employés, of whom 5 worked on the premises; and there was one employé on the committee. Eight employés were shareholders, and held £23 of capital. The number of members at the end of 1891 was 202, and the capital was nearly the same amount as in 1890. The sales for the year were £1,975, and the profit was £68<sup>2</sup>. The dividend on wages and purchases was 1s. in the pound<sup>3</sup>.

The Leicester Co-operative Boot and Shoe Manufacturing Society was originated by some employés of the Wholesale Society's West End shoe works, 'to enable them to share in the profits and the management of the business<sup>4</sup>.' The first meeting was held on September 17, 1886, when the names of 30 intending shareholders were taken, and a provisional committee was appointed<sup>5</sup>. The rules were registered on January 11, 1887, and they provided for the disposal of profits as follows: Five per cent. per ann. to share capital; 40 % of the remainder to the workers in proportion to their earnings; 20 % to purchases; 12 % to the committee; 10 % each to a provident fund and to share capital; 5 % to a social and educational fund; and 3 % to remunerate members for special services<sup>6</sup>. Shares amounting to £380 were 'subscribed by working men and women, and £100 by the local branch of the Boot and Shoe Trade Union<sup>7</sup>.' At midsummer, 1887, premises were taken at

<sup>1</sup> Congress Reports, 1889, p. 35; 1890, p. 152; and 1891, p. 110.

<sup>2</sup> Registrar's Returns, 1891, p. 62.

<sup>3</sup> Congress Report, 1892, p. 172.

<sup>4</sup> *Ibid.*, 1887, p. 37.

<sup>5</sup> *Co-operative News*, vol. xvii. p. 972.

<sup>6</sup> *Ibid.*, vol. xviii. p. 278.

<sup>7</sup> *Ibid.*, p. 422.

Friars Causeway, and business commenced with the manufacture of women's goods<sup>1</sup>. The sales for the first full quarter, ending November 12, 1887, were £972, on which a profit was made of £41. From this was written off a deficit of £15 made in the previous quarter, and the workers received a first bonus of 5½*d.* in the pound. The Arundel and Hackney Societies had become shareholders, and the paid-up share capital amounted to £348<sup>2</sup>.

A few months' working saw the society 'contemplating commencing in the men and boys' departments<sup>3</sup>.' At the end of 1888, there were 304 members, with £1,300 of share capital, and the sales for the year were £8,618. The profit was £747, and allowed dividends to workers of 1*s.* 6*d.*, 9*d.*, 1*s.* 9*d.*, and 1*s.* 11*d.* in the pound of wages for the March, June, September and December quarters respectively. The September quarter showed 'the best result yet achieved,' and the committee pointed 'out the fact that with interest and dividend combined capital receives 15 %.' This statement was repeated for the December quarter; while for the first quarter of the year the committee pointed out that interest amounted to 'nearly 20 %.' The reserve fund was £103 and the fixed stock £219<sup>4</sup>.

In 1889 the sales amounted to £13,160, on which a profit was realized of £1,195. The dividend averaged, to the workers 1*s.* 6½*d.* in the pound; to purchasers, 3½*d.* in the pound; and to capital, 12 %. At the end of 1889, the capital stood at £2,906, and there were 578 members<sup>5</sup>. This progress caused the society to remove in October, 1889, into 'premises of a much more extensive and suitable character,' at Bede Street. An engine and machinery were put down, at a total cost of about £1,200<sup>6</sup>.

<sup>1</sup> *Co-operative News*, vol. xviii. p. 679.

<sup>2</sup> *Ibid.*, vol. xviii. p. 1240.

<sup>3</sup> Congress Report, 1888, p. 45.

<sup>4</sup> *Ibid.*, 1889, p. 35, and *Co-operative News*, vol. xix. pp. 370, 755 and 1070; also *Co-operative News*, vol. xx. p. 56.

<sup>5</sup> Congress Report, 1890, p. 152.

<sup>6</sup> *Co-operative News*, vol. xx. p. 1174, the Congress Report, 1890, p. 153, and the Society's Balance Sheets.

The year 1890 showed sales amounting to £13,844, and a profit of £887. This allowed capital a total interest and dividend of  $6\frac{3}{4}\%$ , wages a bonus of  $7\frac{1}{2}d.$  in the pound, and sales a bonus of  $1\frac{1}{2}d.$  in the pound. There had been a loss of £57 in the September quarter, which was taken out of the reserve fund. The loss was attributed to a demand for a lower-class article, and to the difficulty of replacing stock at former figures. The number of members had increased to 708, and the share capital to £4,040<sup>1</sup>. With 1891, the society began to close its books half-yearly. The sales for that year were £17,389, and the net profit was £927. Out of this profit a bonus was declared on wages at  $9d.$  in the pound, on sales at  $2d.$  in the pound, and on share capital at  $2\frac{1}{2}\%$  per ann., in addition to the usual  $5\%$  interest<sup>2</sup>. Some statistics supplied to Miss Potter in February, 1891, stated that there were 170 employés, all of whom were shareholders, and held £870 of capital. The committee consisted of 15 members; ten of these were employés. 130 employés worked on the premises, and 40 at their own homes. Almost all the sales are to co-operative societies, and the balance sheet for December, 1890, showed that two travellers were employed. The Wholesale Society acts as banker for the society. The same balance sheet said: 'As intimated in our last, with a view to more regular employment of our members, we have opened a retail shop at Huddersfield.' But after a trial of less than six months they closed the shop, because it was 'not meeting with the success anticipated.' The balance sheet for June, 1891, showed that the society lost £127 by the experiment.

Two men deeply interested in the bonus question have made statements with regard to the Leicester Boot Manufacturing Society that deserve notice. Mr. E. O. Greening,

<sup>1</sup> Congress Report, 1891, p. 150, and *Co-operative News*, vol. xxi. p. 1214.

<sup>2</sup> Congress Report, 1892, p. 172.



lecturing at the Working Men's College, Great Ormond Street, in 1889, said :

‘When I went into the workshop I saw men at work, and I saw everywhere the evidence of the wonderful results of the reconciliation of capital and labour. For instance, there was one man stamping out those ornamental figures they put round the tops of ladies’ boots, “gimping,” I think they call it, by swinging round an immense lever; and he was swinging it round at a tremendous rate. He never stopped all the time I was talking to him. I said, “You are working very hard; don’t you stop that all day?” He said, “No! in the Wholesale Society they have got a steam engine to do this work, and I have got to get as many dozens a day done by this machine as their steam engine turns out, so I can’t stop till I’ve got my number <sup>1</sup>.”’

Mr. D. F. Schloss, writing to Miss Potter in 1891, said :

‘I have satisfied myself that the lasters employed at the factory of the Leicester Co-operative Boot and Shoe Manufacturing Society, who before the establishment of that society worked in the factory at the West End of the Co-operative Wholesale Society, have never so far earned, in wages and bonus together, more money for the same amount of work than they used to earn when working at the West End in wages alone. For some time after the Bede Street factory began working the lasters certainly earned (in bonus and wages together) less money than they would have earned at the West End. The reasons given to me were—1st, That the leather used in Bede Street was harder to work than that used at the West End; and, 2nd, that at the West End factory the “lines” were much larger than in Bede Street. A laster making a great number of boots of an identical type gets his hand into the work, and can produce far more in a given time than if his work constantly changes from one type to another. I should explain that in both cases the full trades union piece wage is paid. I am assured that, since the trade done at Bede Street is constantly increasing in volume, there is now very little difference between the earnings of the lasters at Bede Street (bonus and wages together) and those of men employed on similar work at the West End (wages alone) <sup>2</sup>.’

<sup>1</sup> *Co-operative Life*, p. 192.

<sup>2</sup> Potter, *Co-operative Movement*, p. 250.

On drawing the attention of Mr. R. Potter (of the Leicester Boot Society) to Mr. Schloss' statement, he replied on July 27, 1891, that the

'assertion that our employés were only able to earn, with wages and bonus combined, an amount equal to what they could earn in wages alone at the West End works, is quite true if applied to the early history of the society, when men had to continually change from one kind of work to another, but does not apply at the present time.'

The Bristol Pioneers' Boot and Shoe Productive Society was started in October, 1888, and was registered in August, 1889. A letter dated November 19, 1888, said: 'A few earnest workers have banded themselves together in an endeavour to solve some of the difficulties which exist between capital and labour in the western metropolis. . . . A snug plant of machinery has been laid down' at a small factory in Twinnell Road, and although the society is 'only a few weeks old it has already begun to receive practical local support from the Bristol and District Co-operative Society and others<sup>1</sup>.'

The first half-yearly balance sheet was made up to March 1, 1890, and showed sales amounting to £814, on which there had been a net loss of £27. The number of members was 33, the share capital £108, and the loans £283. The machinery and fixed stock had cost £75. The committee attributed the loss partly to 'the difficulties always surrounding the beginning of a co-operative productive society,' and partly to the dispute in the boot trade, which, they said, had forced up wages before they could re-adjust the prices for selling. 'We are glad to say,' they added, 'that while all the other places were closed during the dispute our regular workers were fully employed.'

The sales for 1890 were £2,485, on which a net profit was made of £23, besides wiping out previous losses<sup>2</sup>.

<sup>1</sup> *Co-operative News*, vol. xix. p. 1183.

<sup>2</sup> Congress Report, 1891, p. 150.

The secretary has informed me that the society only deals with co-operative societies; and he has also sent some additional details. After paying 5% on shares, the remaining profits are divided as follows: 20% to customers, 10% to reserve fund, 5% to a social fund, 3% to a special services fund, 2% to an educational fund, and 60% to labour and shareholders in proportion to the amount of their wages or interest on capital. In March, 1891, there were 33 employ  s, of whom 22 worked at home and 11 on the society's premises. Five employ  s were on the committee. Thirty employ  s were shareholders, and held £120 of capital. The total capital was £220 of shares, held by 65 shareholders, and £280 of loans. They were thinking of building new premises, and of engaging a second traveller. The sales for 1891 were £4,249, on which a loss was made of £47<sup>1</sup>. This loss was said to have been caused by advances of wages, higher cost of raw materials, and putting heavier leather into the boots. At the members' meeting held on February 15, 1892, a series of charges were made 'by a section of the workers against the management<sup>2</sup>.'

The balance sheet for the half-year ending December, 1892, showed the sales for that period to have been £1,586. There was only 16s. profit, so no interest could be paid to the shareholders. The wages paid for the half-year were £645. The share capital had increased to £412, and the loan capital to £410. The value of plant and fixtures was taken at £128.

Another boot manufacturing society was started at Bristol, and was registered in September, 1889; but it has never begun business. The secretary has informed me that they have about 40 shareholders, all of whom, with the exception of three, are workers at the trade. The paid-up capital in March, 1891, was £62, but they did not consider this enough to start. 'We want more to set us going and to save our society from death in its cradle.'

<sup>1</sup> Congress Report, 1892, p. 172.

<sup>2</sup> *Co-operative News*, vol. xxiii. p. 211.

The University Club Co-operative Boot and Shoe Manufacturing Society, of Victoria Park Square, E., was registered in 1889. It was started in connexion with the Oxford House Settlement. At the end of the year, it had 447 members, with £351 of capital; and had done a trade of £132 in the course of the few months it had been opened. On this trade, there had been a loss of £29<sup>1</sup>. In December, 1889, it was said 'the business of the society is progressing favourably, and the sales in the shop show a steady increase. Wholesale dealings are not yet as numerous as they should be, but this is partly due to the recent origin of the society<sup>2</sup>.'

On January 26, 1891, a special meeting of shareholders was called to consider the position of the society. A statement, made up to January 19, was submitted, showing a total loss of £643 on a share capital of £379. The other liabilities amounted to £706; and the assets, including £123 for plant and fixtures, amounted to £443. The committee reported that they 'raised by loan in August last such a sum as, after careful consideration, was estimated to be sufficient to carry to a successful issue the operations of the society, provided cash orders could be obtained.' These loans amounted to £350. But cash orders could not be obtained; so it was 'decided to abandon the business of the society.'

Societies were started in 1890 at Hinckley and Nantwich. The former has not been sufficiently long at work to enable me to say anything of it, beyond this, that at the end of 1891, there were 21 members, with £225 of share capital; and £120 had been expended on fixtures<sup>3</sup>. The one at Nantwich proposes to give the workers 40 % of the profits, 30 % to customers, 10 % to shareholders, in addition to 5 % per ann., and the remainder to the reserve, social, and educational funds. At a public meeting, held on April 28, 1890,

<sup>1</sup> Registrar's Returns, 1889, p. 93.

<sup>2</sup> The *Trumpet* newspaper, December 14, 1889.

<sup>3</sup> Congress Report, 1892, p. 172.

it was stated that £600 of share capital had been subscribed, including £100 by the Nantwich Industrial Society<sup>1</sup>. At the end of 1890, the society had 169 members, with £394 paid-up capital, of which £143 had been expended on fixed stock. Business had just been commenced, sales to the amount of £91 having been made<sup>2</sup>. In 1891, the sales were £2,324, but no profit had been realized. The share capital had been increased to £762<sup>3</sup>.

In 1891, boot and shoe manufacturing societies were started at Barwell, Enderby, and Bolton<sup>4</sup>; and in 1892, societies were started at Higham Ferrers, Desborough, Rothwell, Ringstead, Hackney, and Leicester. At the end of 1891, the Barwell society had 49 members, with £207 of share capital. It had sold goods to the value of £1,656, but had made a loss by the sales of £42. In 1892, it did much better; and the sales in the last half of the year amounted to £2,665, on which a profit of £51 was realized. £20 of this were applied to writing off the balance of the previous year's deficit. From the remainder, a dividend was paid to customers and to employes, of 2*d.* in the pound on purchases and wages respectively. The committee reported that 'the society has had to contend with lack of capital, and has had to have recourse to a considerable bank overdraft, for which the committee are personally responsible<sup>5</sup>.' I am only able to say of the Enderby society that, at the end of 1891, it had 54 members, with £10 of share capital; but I do not know if it had commenced business during 1892. The Bolton society had 10 members at the end of 1891, with a share capital of £100. It had effected sales during that year to the value of £817, and it had made a profit of £29. From this profit, interest at the rate of 5 % per ann. was paid on

<sup>1</sup> *Co-operative News*, vol. xxxi. pp. 281, 423.

<sup>2</sup> Congress Report, 1891, p. 150. <sup>3</sup> *Ibid.*, 1892, p. 172.

<sup>4</sup> Registrar's Returns, 1891, pp. 126 and 127.

<sup>5</sup> Congress Report, 1892, p. 172, and *Co-operative News*, vol. xxiv. p. 127.

share capital, and £24 was devoted to the payment of a dividend on wages of 1s. 2½d. in the pound<sup>1</sup>.

Of the Ringstead society, I know scarcely anything. A correspondent has informed me that the Higham Ferrers society was busily collecting subscriptions at the latter end of 1892, but had not yet commenced business. He also wrote me that the Desborough society had collected about £300 of share capital; and the local distributive society had subscribed £100 in addition to that. At Rothwell, one of the largest firms in the place had 'just had to meet their creditors. This had been the cause of many hands being kept idle'; so it was 'regarded as an opportune time to take steps to form a co-operative productive society.' A meeting was therefore held on July 26, 1892, when it was decided to start a boot manufacturing society; and about 50 persons gave in their names as members<sup>2</sup>.

The societies at Hackney and Leicester are different in type to the others; and this difference is especially marked in the Leicester effort. The former is the outcome of a meeting held at the Hackney United Radical Club on September 20, 1892; when it was decided to form 'The London Boot and Shoe Workers' Co-operative Society,' with the intention, not only of making the goods, but of undertaking the retailing of them also. The prospectus described the objects to be, amongst others, 'the emancipation of labour from the curse of capitalism by the employment of its own members, who shall receive for all labour performed the current rate of wages decided on by the trade society.' There is to be no profit sharing as profit sharing is generally defined. All the profits are to be used to extend the business of the society, to repay the shareholders' capital, or in 'promoting such benevolent, economical, industrial, provident or social purposes as the committee, under the instructions of the general members'

meetings, may from time to time determine,' including an old age pension fund. The treasurer of the society is Mr. Charles Freak, secretary of the East End Boot Operatives' Trades Union.

After several previous meetings, a meeting was held on January 25, 1893, of the members of Nos. 1 and 2 branches of the National Union of Boot and Shoe Operatives, in the Temperance Hall, Leicester. At this meeting, it was reported that a ballot of the two branches had decided to advance £1,000, as a loan without interest, to a new society, which should be called the 'Leicester St. Crispin Boot and Shoe Operatives' Productive and Distributive Society.' This meeting decided upon the rules which were to govern the new society. The shares were to be 5s. each, bearing no interest. It was to be compulsory on an employé to become a shareholder, but no shareholder was to hold more than twenty shares; although the committee calculated that the capital required was equal to £25 per head of persons employed. Ninety per cent. of the profits were to be employed 'solely for the extension of the business'; of the remainder, 5 % was to go to a workers' provident fund, 2½ % to an educational fund, and 2½ % to a special services fund. The committee was to be composed of 'three riveters, three finishers, two clickers, two pressmen, and two open.' It was strongly urged at the meeting that it was the duty of operatives generally, who were members of the trades union, to take up one or more of the five-shilling shares, so as to give the society a fair start<sup>1</sup>.

The rapid increase in the number of boot manufacturing societies has caused some feeling, both among themselves, in their competition for the trade of distributive societies, and between them and the Wholesale, who takes the giant's share of the co-operative orders. The Co-operative Union has endeavoured to eradicate this feeling by proposing

<sup>1</sup> *Leicester Daily Post*, January 26, 1893.

a federation of the boot societies, to regulate their relations to one another and to their customers. With this view, a conference was held at Wellingborough on January 12, 1888, which was attended by the representatives of six boot manufacturing societies; and the following resolution was passed: 'That this meeting of representatives of the Co-operative Boot and Shoe Societies of Northamptonshire is of opinion that it is desirable in the interests of each society, and with a view to avoid competition, that some form of federation amongst them should be adopted <sup>1</sup>.'

Rules were drawn up, and a United Boot and Shoemakers' Association was registered later on in the same year<sup>2</sup>; but Mr. Butler (of Wellingborough) has informed me, that 'it soon came to grief, as the societies found it unworkable.' Mr. Geo. Evans, who has worked hard in helping to form boot manufacturing societies, asserted at the Rochdale Congress, that 'the attempt at federation in the boot and shoe trade failed because there were too many would-be managers <sup>3</sup>.'

The competition continues, and on August 30, 1890, Mr. Simons (of Kettering) read a paper to the Wollaston conference, in which he said

'they were afraid that the competitive element would creep into the societies, and thus destroy and defeat the ends of true co-operation. But the competition of these societies was small indeed when compared with the competition of the Wholesale Society, in whom they found their most formidable rival;' although 'it was only just to the Wholesale Society to mention that it has rendered generous aid to individual co-operative production <sup>4</sup>.'

The subject was renewed at the Rushden conference in November, 1890, and again at the Wellingborough conference on February 28, 1891. At the latter conference, the delegates from the boot productive societies not only

<sup>1</sup> *Co-operative News*, vol. xix. p. 58.

<sup>2</sup> Registrar's Returns, 1889, p. 93.

<sup>3</sup> *Co-operative News*, vol. xxiii. p. 661.

<sup>4</sup> *Ibid.*, vol. xxi. p. 939.



complained of the competition of the Wholesale, but also alleged that the Wholesale bought from private firms in preference to the productive societies. This the Wholesale Society's representatives vigorously denied, and, with reference to competition, they reminded the delegates that the Wholesale works were the first in the field, so that competition came from the boot productive societies<sup>1</sup>.

This conference seems to have had a satisfactory result in clearing away some misapprehension; for the district conference committee, in reporting to Congress, said,

'certain charges had been made at previous meetings against the Wholesale. At this meeting the questions in dispute were thoroughly discussed, and answered by the representatives of the Wholesale, and at the close the general feeling was that many of the difficulties had been removed, and much that was thought to be wrong was made clear and straight, and a better understanding arrived at<sup>2</sup>.'

Another turn was given to the matter, so far as the Wholesale was concerned, at the conference held at Wellingborough, on June 18, 1891. Mr. Bishop thought the Wholesale 'made a mistake in centralizing the manufacture of boots and shoes at Leicester, and mentioned, as an instance of the advisability of starting works in other districts, several cases where they had been obliged to send to Northampton for boots they could not get at Leicester.' To this Mr. Stansfield, amidst applause, said he 'felt sure the time would come when the Wholesale Society would manufacture boots in other places besides Leicester;' and Mr. Hawkins expressed his belief that 'sooner or later, the Wholesale would establish additional boot manufacturing works in Wellingborough or some other district in Northamptonshire<sup>3</sup>.' The tone of this conference, at which I was present, would lead one to infer that the co-operators of Northamptonshire would hail with pleasure the oppor-

<sup>1</sup> *Northampton Daily Reporter*, March 3, 1891.

<sup>2</sup> Congress Report, 1891, p. 50.

<sup>3</sup> *Co-operative News*, vol. xxii. p. 656.

tunity of working in a factory established in their midst by the Wholesale Society.

In consequence of reports coming to the productive committee of the Central Co-operative Board, which asserted that there was a practice among the Northamptonshire boot productive societies of refusing the privilege of membership to fully qualified workers, a conference of delegates from the boot productive societies was convened by the committee. This conference was held at Kettering on January 9, 1892, when a paper, written by the general secretary of the Co-operative Union, was read. From this paper I have extracted the following, as it formulates the charges made against the societies, and expresses the opinions of the officials of the Co-operative Union thereon :

‘A co-operative productive society should be free and open to all whom it employs. If the persons are fit subjects for employment they are also fit for membership. Directly a so-called co-operative society closes the doors of its membership against any of these employés so as to retain greater benefits for the more fortunate members it ceases to be co-operative, though it may still continue to sail under false colours. Many societies have acted illegally in placing hindrances in the way of poorer workers becoming members. They have actually demanded a lump sum to be paid down for the shares on admission, while by their rules no member can be compelled to pay up at a greater rate than the instalments fixed therein. It is also said that family influence militates largely against the proper diffusion of the benefits to be derived from true co-operation in these societies. Perhaps in village life this is certain to obtain more or less, as well as the petty jealousies sometimes to be found in village cliques. But these reasons and causes cannot be allowed to hinder the march of true co-operation. If it is found that the system pursued by such societies leads only to the foundation of self-interest and small mastership and not to the direct self-employment of every worker capable of taking an active and useful part in the propagation of our movement, then the fallacy must be exploded, and it will be the duty of the productive committee of this union to see that it is effectually done. It is for the

societies present to show that their own methods are such as can be looked on with favour by co-operators. As regards the absent ones, and those who have not seen fit to take any notice of our endeavours to refute or substantiate the charges of "non-co-operation" brought against the societies generally, we can only say that there are means of bringing even their attention to this important question.'

A resolution was carried, *nem. con.*, as follows: 'That in the opinion of this conference, the only way to promote true co-operative production is by allowing any one to become members of the societies, and by giving them a fair share of the profits<sup>1</sup>.'

During the three years 1890-2, the boot trade was very much altered, by the almost general adoption of the factory system instead of the old plan of working at home, and by the rapid introduction of machinery. The monthly report of the National Union of Boot and Shoe Operatives for January, 1893, took special note of these two facts; and strongly urged on the minority of the operatives who clung to home work, to fall in with the views of the majority, in the following words:

'The indoor working question has made considerable progress; in nearly all the centres affected by the Federation notices have been sent in, and the matter has been considered by them. At Northampton the employers wish to refer it to conference, but we pointed out that it had already been referred to a conference, and ruled out of order as being a local question. Since then they have definitely stated their willingness, not only to consider it with a view of arriving at a peaceful settlement, but they are willing that the conference should take place without delay. To this course we have consented, believing that it will conduce to the advantage of both sides, and prove the value of such conferences. We are aware that the employers will assert that there are a large number of men opposed to going inside. This we do not deny, but in all such matters the minority must abide by the decision of the majority, and it is an incontrovertible fact that the vast majority are in favour of indoor working, and to the minority we would point out that

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 66, 67.

whether we will or no indoor working is sure to come by the introduction of machinery, and those who cling to working at home will soon be left high and dry without any work to do, whilst those who agree to go inside will be employed on and with the machines. Therefore we should strongly advise such members to not only go inside but to take work at the machines, and thus reduce the number who must inevitably be displaced by its introduction <sup>1</sup>.

The Co-operative Wholesale Society's works at Leicester were, at the time of writing, the most advanced in the country in the two matters referred to in the union circular. On December 30, 1892, the finishers engaged on new finishing machines at the Wholesale Society's works dined together to express their satisfaction at the new state of things. At this dinner the manager, Mr. John Butcher, said :

‘When they first decided to commence finishing boots by the aid of machinery he felt there would be a considerable amount of, he would not say opposition, but prejudice, which was quite excusable, against the innovation. But he would like to say that, so far as the management was concerned, they had met with but very little of that prejudice. So far as was practicable, he had endeavoured to introduce that reform into the works in such a way as not to displace any more hand labour than necessary. He made up his mind long ago, from experience and from what he had seen, that if they wished a new undertaking to succeed they must, as Mr. Livingstone had said, put the best labour they could upon it. One thing he always deprecated, not only in this matter of the finishing machinery, but all other machinery that had been introduced within the last 25 years. He believed it was a mistake for the sellers of those machines to try to instil into the minds of the boot manufacturers that the work could be done by cheap or boy labour. He thought the operatives could bear witness that their establishment had not transgressed the rules of the trades union in any way as regarded the employment of boys. He had had a circular sent to him stating that there were some old men out of employment in the town through the introduction of new machinery and asking for some kind of help that

<sup>1</sup> *Workman's Times*, February 4, 1893.

would enable them to keep a home over their heads. It occurred to him that some of those old people might be employed to assist their work-people in some portions of the operations where skilled labour was not required, and that they might in that way keep them from seeking relief. The trades union officials fell in with that suggestion, and he believed the arrangement had answered exceedingly well. He had also endeavoured to get the operators on the machines taught as well as possible. It should be clearly understood by those outside the trade that they had had to take workmen who had never seen the machines before, and they could not therefore expect them to work to their entire satisfaction at once. On that account he was anxious to employ only men who were proficient. Mr. Butcher proceeded to speak of the prejudice that was manifested against the introduction of the sewing-machine in the boot trade, and said that kind of opposition was so ridiculous that one could not argue upon it. Although such an innovation as that might for a time disturb some portion of the industry, it would in the end prove as great a blessing as had been accorded the girls who were now running their steam sewing machines. A great many new machines had been introduced into the shoe trade, and all had been received with more or less prejudice, but the people were to-day better and more cheaply shod than they ever were before, and he agreed with an American political economist who looked upon it almost as a crime to oppose the introduction of labour-saving machinery. It would in the end be of benefit to the workman, to the manufacturer, and to every person who wore boots, and he hoped their productions would be trodden under foot all the world over<sup>1</sup>.

<sup>1</sup> *Leicester Daily Post*, December 31, 1892.

## CHAPTER XX.

### EFFORTS IN THE IRON TRADES.

THE history of the societies started since 1862 in the different branches of the iron trade, whether large or small, is mostly one of disaster. The first of the kind under the Industrial and Provident Societies Act of 1862 was the Wolverhampton Plate-Locksmiths, which was registered in 1864.

A letter written in February, 1864, by Thomas Jones (the secretary), said :

‘A number of us have determined upon starting a co-operative establishment in the plate-lock trade. . . . The principal part of the promoters are men who have eschewed strong drink and filthy tobacco. . . . You will agree with me that it is quite time we tried to improve our condition, when I tell you that the weekly wages of our trade do not average more than 12s. ; but we trust, by co-operation, to bring about a better state of things<sup>1</sup>.’

An advance of wages had been asked for and agreed to ; but the employers subsequently refused to carry out the agreement<sup>2</sup>.

The founders of the society started with £13<sup>3</sup>, and went to work with such energy that, in October of the same year, they had ‘more than 50 men at work<sup>4</sup>,’ although the total number employed in the trade was only about 250. Early in 1865 this number was increased to 80. The Amalgamated

<sup>1</sup> *Co-operator*, vol. iv. p. 159.

<sup>3</sup> *Ibid.*, vol. vi. p. 69.

<sup>2</sup> *Ibid.*, vol. vi. p. 3.

<sup>4</sup> *Ibid.*, vol. v. p. 99.

Tinplate Workers' Union (of Wolverhampton) helped them with capital, and a gentleman built and leased to the society 'a large manufactory' <sup>1</sup>.

The employers became alarmed at this rapid progress, and endeavoured to ruin the enterprise by an excessive reduction in prices. The men issued an appeal to the public for support ; and, after sending a deputation to investigate the case, the Wolverhampton trade societies called a conference to aid the lockmakers. At this conference, it was asserted that not only had the masters reduced prices below the cost of production, but they had tried to prevent the productive society purchasing oak, iron, and keys, by threatening the sellers of those articles if they supplied them. At another meeting, it was stated that the chairman of the society had been dismissed by his employer for refusing to cease to be a shareholder ; and up to the end of June, 1865, the co-operators had suffered an aggregate loss of £585 by the unfair competition <sup>2</sup>.

In consequence of the appeal, a number of well-known men assisted the locksmiths with donations of £5 and £10 each. Among them was John Stuart Mill, who wrote :

'I beg to enclose a subscription of £10 to aid, as far as such a sum can do it, in the struggle which the co-operative plate-lock makers of Wolverhampton are sustaining against unfair competition on the part of the masters in the trade. Against fair competition I have no desire to shield them, . . . but to carry on business at a loss, in order to ruin competitors, is not fair competition. In such a contest, if prolonged, the competitors who have the smallest means, though they may have every other element of success, must necessarily be crushed through no fault of their own. . . . I am now convinced that they ought to be supported against the attempt to ruin them' <sup>3</sup>.

The struggle with the employers continued over two years. At the members' meeting held on February 26, 1866, 'it was unanimously and heartily resolved, that let

<sup>1</sup> *Co-operator*, vol. vi. p. 3.      <sup>2</sup> *Ibid.*, vol. vi. pp. 36, 69 and 71.

<sup>3</sup> *Ibid.*, vol. v. p. 181.

the competition be what it may, or continue as long as it may, this meeting pledges itself to receive and be satisfied with such compensation for their labour as the market price will allow, and to calmly submit to any other inconvenience that may arise therefrom<sup>1</sup>. In August, 1866, Mr. D. P. Foxwell, in his capacity of co-operative missionary, paid the men a visit, and sent 'the crier round, calling open-air meetings.' The men were much encouraged by this, the secretary saying, 'I never heard two more practical and interesting discourses in my life.' It was now stated that 'they were getting a better price for their locks, and receiving a fair supply of orders. The weekly sacrifices of the men would shortly cease, and they would receive the full price of their labour.' They had still 'above 60 men at work,' and at an industrial exhibition at Dudley, the *Birmingham Daily Post*, speaking of the productions of Messrs. Chubb and Sons and of the Locksmiths' Society, said, 'The whole of these productions are so good, that to give precedence to either would be out of the question.' In April, 1867, the secretary was able to write triumphantly :

'Our co-operative movement is now a complete success, for the competition has ceased, and all that we were then compelled to lose in the price of our goods we have regained, and more too. We are now realizing a better price than when we first commenced our co-operative movement, with a good supply of orders, so as to be able to keep all our workmen fully employed. . . . It is our aim and intention to rank ourselves amongst those

"Who only ask for humblest wealth,  
Enough for competence and health;  
And leisure when their work is done,  
To stroll at setting of the sun;  
Who toil, as every man should toil,  
For fair reward erect and free.  
These are the men, the best of men,  
These are the men we mean to be<sup>2</sup>."

<sup>1</sup> *Co-operator*, vol. vi. p. 231.

<sup>2</sup> *Ibid.*, vol. vii. pp. 112, 351.



In September, 1888, the struggle with the employers was renewed; but the secretary wrote:

‘We have lately made a move in the trade that is likely to settle the competition and give our movement the ruling power, as we are about to have a good number of men who have hitherto been with the masters; and if we only had the means, we could now have the trade in our own hands<sup>1</sup>.’

In October an appeal was made for loans. It was stated that there were 150 members, with 600 shares of £1 each; but ‘very little has been paid up, owing to nearly the whole of the members being workmen, and the times being so bad that it has not been thought well to call for the payment<sup>2</sup>.’ Another year saw them through this second battle; and it was reported: ‘We have made steady progress, and our society is in a better and safer position than ever;’ while at a festive celebration of the society’s sixth anniversary, held at the end of February, 1870, the manager, Mr. J. Dews, asserted that ‘the co-operative plate-lock makers were now masters of the citadel; for which they had so nobly and so bravely fought.’ When trade revived, ‘they would be able to lead where, in times happily now gone by, they had been compelled to follow<sup>3</sup>.’

By June, 1871, their prosperity was such that, in addition to their factory in the North Road, they had ‘a range of workshops on the other side, employ nearly half the workmen in the trade,’ and ‘had succeeded in getting into their hands one-half of the whole of the trade.’ Up to this date, they had paid no dividends on either capital or wages, but had employed their profits in repaying loans; ‘and in proportion as it has been done, the working men members of the association are being put into possession of one of the best furnished properties in the trade.’ It was further said that ‘though the men at work get no higher wages, in the usual sense of the term, they get better wages and earn them more pleasantly and easily<sup>4</sup>.’

<sup>1</sup> *Co-operator*, vol. viii. p. 588.

<sup>2</sup> *Ibid.*, p. 706.

<sup>3</sup> *Ibid.*, vol. ix. p. 849, and vol. x. p. 158.

<sup>4</sup> *Ibid.*, vol. xi. p. 390.

On October 30, 1873, the society met with a new antagonist, against which they had not adequately provided : 'A fire was discovered, doing damage to the extent of £300, which is only met by an insurance of £75.' The Central Board issued an appeal for help on behalf of the locksmiths, and a sum of £247 was subscribed ; co-operative societies contributing £134, trade unions £87, and individuals £26<sup>1</sup>.

With 1874 'there was a general revival of trade, and this,' they said, 'enabled us, step by step, to increase the market value of our goods ; also to increase the wages of the workmen and realize a fair profit for the society. . . . The first dividend declared was for the period from April 4 to December, 1874.' The sales were £5,438, and the profit was £381. After reducing the fixed stock at the rate of 10 %, and paying share capital 5 %, 2½ % was taken to a provident fund, and dividends were paid, on wages at the rate of 5 %, and on the interest paid upon shares at the rate of 10 %. In 1875, the sales were £9,633, and the profit was £1,336. Out of this, the work-people received a bonus of 30 % on wages, amounting to £888. The 'few workmen' who were not members received 5 % only, and their share amounted to £49. The shareholders received a dividend of 60 % on the amount of interest paid to them. For 1876, the sales were £12,230, and the profit £1,874. The same dividends on interest and on workmen's wages were paid as in 1875. In both years the usual 10 % depreciation on fixed stock was allowed, and £110 was carried to the provident fund. One-third of the workers' dividends was paid in cash, and two-thirds were credited to the share account. The workmen who were not members could become so by leaving in their share of the bonus. In 1877, they had 120 men at work, and over 100 of these were shareholders. These men were then 'earning nearly double the wages they had once earned, and had thirty or forty shares each in the society<sup>2</sup>.'

<sup>1</sup> *Co-operative News*, vol. iii. p. 557, and vol. iv. p. 153.

<sup>2</sup> *Ibid.*, vol. viii. p. 335.

In 1877-8 business was bad, and by June, 1878, it was reported that

'the finding of employment beyond the requirements of the market for the locks produced, has led to the accumulation of stock which cannot yet secure a sale. Through the reduced cost of materials, and the drop in the wages scale, that stock is now worth much less than it cost, and there is so much of it that there is scarcely room for the operators to practise their calling.'

The Central Co-operative Board sent Mr. E. V. Neale to give counsel to the locksmiths, and he recommended that 'a revaluation should be at once made of the assets<sup>1</sup>.' This was done; and a letter in the *Times* newspaper of August 1, 1879, stated that the revaluation swept 'away one-half of the share capital.' As the society could not raise funds to meet its liabilities, it was decided on August 25, 1879, on the advice of Mr. E. V. Neale, to go into liquidation, although 'virtually solvent.' There was a balance of over £800 in favour of the shareholders, or 8s. in the pound, and 'the object of the liquidation was only to prevent the stock being seized and sold at a ruinous loss.' The liquidators were authorized to dispose of the assets to a new society, and in the meantime to carry on the business<sup>2</sup>. The effort to start another society was unsuccessful; and on January 18, 1880, the liquidators were 'authorized to dispose of the assets to the best advantage<sup>3</sup>.' The registrar of friendly societies, in his report, has given us a last glimpse. The business was to be 'made into a private individual firm; and it will cease to be a co-operative society in about nine days hence<sup>4</sup>.' The winding up left the men 'absolutely penniless: all the accumulated savings of years were gone<sup>5</sup>.'

Mr. E. V. Neale has supplied me with the following explanation of the causes of the failure of the Locksmiths' Society:

<sup>1</sup> *Co-operative News*, vol. x. p. 396.

<sup>2</sup> *Ibid.*, pp. 573, 620.

<sup>3</sup> *Ibid.*, vol. xi. p. 101.

<sup>4</sup> Registrar's Returns, 1879, p. 22.

<sup>5</sup> *Co-operative News*, vol. xi. p. 300.

'My recollection of the facts connected with this disaster, learnt by me during the efforts to save the society, in which I took an active part, enable me to cast on this subject a light which may possibly be useful to other ventures in co-operative production.

'The main business of the society during the time of its prosperity was, as its name implied, the manufacture of plate-locks, which were large and rather costly articles, yielding a net profit to the society on the turnover, according to my remembrance, of from 18 to 32 %. A society which had succeeded in obtaining a considerable business of this character easily made large profits; but, with the period of commercial depression which followed the coal famine, the demand for these costly articles ceased. There remained to the society, as a source of income, only the manufacture of common locks, which did not yield more than about 9 % on the turnover. If the business had been carried on by a private manufacturer, he would probably have discharged the workmen for whom, from the falling off of the demand for plate-locks, he could not find profitable employment, and applied himself to develop the trade that remained. But this would have involved on the body of workers who formed the society an amount of self-sacrifice for which they were not prepared. Instead, they worked for stock, in the hope that the demand would revive. As it did not revive before their resources were exhausted, they inevitably came to grief. Debts multiplied upon them; the best workers fell away. Those who stuck to the society, if they did not lose heart, lost the means of self-support; and thus a society, which had been for years "a boast, a triumph and a show," became a failure<sup>1</sup>.

A new society was started on a small scale at Great Hampton Street, Wolverhampton, and was registered in the latter half of 1880<sup>2</sup>. The Midland Section gave their help. The sectional secretary (Mr. Scotton) paid the new society a visit, and an effort was made to raise a loan 'free of interest.' The reasons were that

'those men who had been most prominent in the work of the old society were turned on the wide world, none being willing

<sup>1</sup> *Co-operative News*, vol. xxii. p. 1080.

<sup>2</sup> Registrar's Returns, 1880, p. 53.

to give them employment. . . . These twelve men had striven hard to obtain employment, but had failed ; and, having unbounded faith in co-operation, they have rented a small workshop, and by a great effort have got £30 among them with which to purchase tools <sup>1</sup>.

Some £30 or £40 only were raised, co-operators having apparently become tired of responding to appeals from this quarter ; the Midland Section saying that 'the amount subscribed was not equal to our expectations or the requirements' of the society <sup>2</sup>. Another appeal was issued by the Midland Section in September, 1881 ; but it met with practically no response <sup>3</sup>. The new society dragged along until 1882, when it ceased to exist.

At the end of 1865 the firm of Greening and Company, wire-netting makers, Manchester, was turned into a limited company. Mr. Thomas Hughes became a shareholder, as he said, 'from a desire to help on the movement,' although the business of the new company 'was on a small scale <sup>4</sup>.' The original firm consisted, I believe, of Mr. E. O. Greening, his father, and his brother.

The first half-yearly meeting was held on May 19, 1866, when a report—but no balance-sheet—was presented, covering the five months that had elapsed since the company had taken possession of the works. The directors stated that the profits warranted them in 'recommending an *ad interim* dividend at the rate of 15 % per ann. on the whole capital of the company.' They also recommended the shareholders to vote 'a bonus of 5 % on the wages paid during the last five months to each person now employed by the company,' and they stated that 'the working of the new industrial partnership principle has, up to the present time, proved most satisfactory, inducing the company's work-people, almost without exception, to labour for the interests of the

<sup>1</sup> *Co-operative News*, vol. xi. p. 300.

<sup>2</sup> Congress Report, 1881, p. 37.

<sup>3</sup> *Co-operative News*, vol. xii. p. 588.

<sup>4</sup> *Co-operator*, vol. vii. pp. 2 and 7.

company with remarkable zeal and earnestness.' Shares were to be allotted to the employés receiving this bonus<sup>1</sup>.

To celebrate this *ad interim* success, a series of 'delightful and significant meetings,' at which Mr. Greening 'acted as host,' were held in Manchester, on May 19, 1866; consisting of a shareholders' meeting, a luncheon, a conference and a soirée. At this soirée, Mr. Greening, in advocating profit-sharing, said :

'There is an anecdote—very popular in our own particular trade in Manchester—illustrating this position of ours. It is said that a smith went into a large workshop in this city, and asked for work from the master. When asked what wages he expected, he produced his hammer, which had a long handle, and three notches on it, and taking hold of the hammer with the shortest leverage, he said, "That, sir, is 28s. a week"; holding the hammer with a longer leverage, he said, "That, sir, is 30s. a week"; and then, taking hold of the hammer handle at the end, so as to wield the heaviest blows, he said, "That, sir, is 32s. a week." Now, we are proposing to have hammers with the longest handles, and wielded in the most effective manner, so as to produce the most powerful blows in our favour that we can obtain; but instead of giving the man 32s. a week only, and relying upon his word that he will earn it, we say to him, "If you will strike those telling blows, and show us the expected result, you will receive beyond your wages remuneration a share of the profits."'

He added, speaking of the firm of Greening and Co., 'We have no doubt that we shall show higher dividends and more regular profits by this system<sup>2</sup>.' In advocating profit-sharing, Mr. Greening has repeated the above anecdote so frequently on co-operative platforms, that it may fairly be accepted as a summary of the ground taken up by him.

The directors reported in February, 1867, that 'it is to be regretted that the second half-year has not been so prosperous.' Some new capital had been obtained, on which a dividend at the rate of 15 % per ann. was paid, but no dividend was declared on the original shares<sup>3</sup>. No further

<sup>1</sup> *Co-operator*, vol. vii. p. 17.

<sup>2</sup> *Ibid.*, vol. vii. p. 14.

<sup>3</sup> *Industrial Partnerships' Record*, March, 1867, p. 2.

dividends were paid, and the company went into a somewhat disastrous liquidation in, I think, 1868.

The great and successful strike in the iron trade at Newcastle-on-Tyne, in 1871, for a nine hours' working day, led to the establishment of the Ouseburn Co-operative Engine Works Company. The *Times* newspaper attributed the strike to

'the imprudent and impolitic conduct of the employers;' for 'the Newcastle workmen, when they demanded nine hours, agreed to submit to an equivalent deduction from their wages. . . . They wrote three separate times to their employers, asking for an interview, before they struck. They were contemptuously refused, and indeed offensively ignored<sup>1</sup>.'

Among others outside the trade who espoused the cause of the men was the Rev. Dr. Rutherford, of Bath Lane Chapel. He had 'long been known as one of the influential speakers of Newcastle;' he had 'great popularity as a preacher, and he was qualified to practise as a doctor of medicine<sup>2</sup>.' Dr. Rutherford conceived the idea of starting a works on co-operative lines to aid the strikers. He consulted some of the men, and they requested Mr. John Gusthart to look about for an engine and boiler repairing works. In the meantime the doctor heard of the Ouseburn engine works being in the market. On June 10, 1871, he obtained the details of the property. The same day Messrs. M'Kay and Archbold made a survey; 'and reported to the energetic doctor that the machinery was excellent, the price on the whole moderate, and the situation suitable<sup>3</sup>.'

A special correspondent of the *Co-operative News*, described as a man who 'from long personal familiarity with machinery knows its value, and when it is really of good quality, and of modern construction,' paid a visit to the works, and gave a description of them. This correspondent said:

'In all matters of investigation in which I am appointed to

<sup>1</sup> *Co-operative News*, vol. i. pp. 17, 18.

<sup>2</sup> *Ibid.*, p. 25.

<sup>3</sup> *Ibid.*, p. 49.

ascertain the truth for any public object, my plan is to go to the enemies, the opponents of the scheme, and ascertain their opinions. . . . I then know what importance to attach to the sanguine estimate of friends.'

He then went on to say :

'Mr. Morrison, the founder of the works bought by the co-operators, was himself an engineer, the architect of his own fortunes, and who had a rare artistic passion for perfect machinery. He spent a large fortune in getting into his works the most perfect machinery that money could buy or skill devise. Indeed, he was ruined by this costly taste, for his capital was exhausted by maturing his machinery. His works have stood closed for six years, and finding no purchaser, the co-operators have been so fortunate as to secure them' for £30,000. 'Good judges of engineering works have assured me that the premises and machinery thus acquired were worth £100,000. I found the vast machine shops, foundries and forges all laid out with grim order. There was a consistent uniformity in the structure of the buildings very unexpected and satisfying to the eye. There was nothing small or mean about the place, and the ponderous, well-arranged, well-placed machinery showed that a competent mind had presided over the construction of the works<sup>1</sup>.'

On June 12, 1871, Dr. Rutherford invited working men interested in the proposed company 'to meet him at the Bath Lane Schoolroom.' The doctor presided, the meeting was enthusiastic, and the 'enrolment of shareholders was then and there commenced.' Other meetings were held on successive evenings; by June 22 the deed of association, prepared by the doctor, had been drawn up, and on the 25th the articles were signed. The capital was £100,000, in £5 shares, and the qualification for a director was fixed at 150 shares<sup>2</sup>.

On July 8 a conference of co-operative societies was held in support of the Ouseburn company. This led to large investments, the Blaydon society acting as pioneer by taking up £1,000 worth of shares, while some of their members

<sup>1</sup> *Co-operative News*, vol. i. p. 25.

<sup>2</sup> *Ibid.*, pp. 25, 49.



invested another £200. Among the earliest to invest were Halifax, £1,000 shares and £2,000 loans; Heckmondwike, £1,000; West Cramlington, £1,000; Mossley and Seaton Delaval, £500 each; and Chester-le-street, £250<sup>1</sup>.

The articles of association provided for a working week of 54 hours,

‘or such other term as may be mutually agreed upon between the workmen and the directors; or as after reference in case of dispute may be determined by the court of arbitration. . . . The rate of wages, in each case, will be determined between the workman and his foreman, but in case of dispute will be referred to arbitration. . . . After setting aside a first portion of the profits as a reserve fund for losses, depreciation and repairs, and declaring a dividend upon capital, all profits in excess of 10 % upon paid-up capital shall be divided equally between capital and labour. The bonus upon work will be declared at least once a year, will apply to every worker in the company, and will be apportioned to the amount paid him in regular wages, salary or fees, but not for overtime, contract work or special remuneration<sup>2</sup>.’

On July 21, 1871, a shareholders’ meeting was held at the works to take formal possession. Mr. Robert Murray (manager for Oswald and Co., of Sunderland) was appointed manager, and he commenced his duties on July 24. During the next month work was rapidly proceeded with. Contracts were taken for engines to the value of £35,000, and arrangements were made with the bankers for ‘large credits.’ By the end of August 130 men were employed, and on Thursday, September 7, ‘the first pair of cylinders were successfully cast.’ At the end of September, the value of the orders given for engines had been increased to £65,000; and, while ‘more than 300 hands’ were then employed, arrangements were being made ‘to put the works on double shift, when the men employed will be over 800.’ Later on, at the beginning of 1872, it was announced that the company

<sup>1</sup> *Co-operative News*, vol. i. pp. 49, 114, 125, 128, 175, and vol. ii. pp. 100, 244 and 377.

<sup>2</sup> *Ibid.*, vol. i. p. 25.

'had work for twelve months in hand;' while there were 'enrolled as shareholders some 1,300 persons, nearly all of them working men, and most of them connected with the various branches of marine engineering. They had a subscribed capital of something like £30,000, and a paid-up capital of £23,000<sup>1</sup>.'

Every workman at Ouseburn had to become a shareholder. If at first he was not able to put down £5 (the price of a share), or to put down anything towards a share, they constituted him a depositor. At a co-operative meeting it was explained that 'if a man earned less than £1 per week, 6d. was the amount of his deposit money; if he earned between 20s. and 30s., 1s.; if between 30s. and 40s., he deposited 2s.; and if he earned above £2 a week, then he deposited 10% . . . The sum left in deposit, at the rate going on at present, would amount to £2,500 per annum<sup>2</sup>.' This deposit system soon created a difficulty. Workmen, when leaving their employment, were refused the repayment of their deposits, on the ground that they represented partly-paid shares; but the county court being appealed to, the judge decided in favour of the men. In consequence, a special meeting was called on June 7, 1872, to alter the articles of association, so as to compel 'every worker in the company to leave a portion of his wage on deposit with the company; the amount thus left to become part of the capital of the company so long as the capital is not fully subscribed, and afterwards to be devoted to the purchase of shares in the company, on account of the working members<sup>3</sup>.' At this meeting, the directors' qualification was reduced to £50.

The engines made by the company gave great satisfaction. They 'were admitted by engineers on the Tyne to be inferior to none<sup>4</sup>.' A pair that were put in the *Helen Philipson*

<sup>1</sup> *Co-operative News*, vol. i. pp. 14, 25 and 49; and vol. ii. pp. 10 and 255.

<sup>2</sup> *Ibid.*, vol. ii. p. 255.

<sup>3</sup> *Ibid.*, p. 316.

<sup>4</sup> *Ibid.*, p. 255.

were reported to have 'worked remarkably well'.<sup>1</sup> Those made for the ss. *Luneberg*, after trial to Hamburg and back, were reported by the engineers and inspector to be 'first-class.' Those for the ss. *Newfoundland* gave 'great satisfaction;' while a friend of Mr. Walter Morrison, M.P., said that those supplied to him 'were the best pair he ever had in any of his shops'.<sup>2</sup>

Dr. Rutherford was both the chairman and managing director of the company. As such he received a fee of £600 a year<sup>3</sup>. In his own words, he was 'virtually manager of the concern,' although he shortly afterwards said: 'Nothing could have been more unfortunate for the Ouseburn Engine Works than that the man at the head, the chairman, should not have been a practical engineer.' At the Newcastle Congress, held in April, 1873, he had to tell an unhappy story:

'They commenced their operations by booking engines at a very low price. It was perhaps right to book a few at a low price, because, as an engine was a piece of machinery which very few people wanted, they could not tempt any one to purchase unless they could be assured of a good article at a very cheap scale. If the buyer had to take the risk of engines not being very first-rate, then a company often had no alternative than to tempt them on the books by a promise to construct them cheaply. The manager of the Ouseburn, at the commencement, did that with a vengeance. The directors were always asking him whether the shareholders would realize 5 % on his prices; and he as frequently said, "Oh, yes; there will be 10 %." Well, relying on his judgment, they had put twenty engines on the books—each averaging 100 horse-power—and they had been carrying them out ever since. At first they got out their engines very slowly; but they had improved their pace from month to month, and now they could turn out from twelve to sixteen pairs of engines in the year. . . . When they had finished these early contracts he calculated that the company must have contributed not less than £25,000 to their customers,'

<sup>1</sup> *Newcastle Chronicle*, June 14, 1872.

<sup>2</sup> *Co-operative News*, vol. ii. p. 388; vol. iii. p. 195.

<sup>3</sup> *Ibid.*, vol. iii. p. 491.

the prices at which they had booked being 'actually below what they ought to have secured before the strike. . . . They were now nearly through the bad work, having only a few more engines to send out under the old régime; and when they escaped from the lane which to so many of them seemed to have no turning they would have the satisfaction of knowing that they had spared no expense, no labour, no anxiety, no thought, to make even these engines of the very best description,' although they had lost £25,000 by their contracts for them<sup>1</sup>.

At the meeting where Dr. Rutherford made the statement from which the above account has been extracted, a resolution was proposed by Mr. Thomas Hughes, M.P., and seconded by Mr. Walter Morrison, M.P., 'That this meeting, having heard the statement of the chairman as to the Ouseburn works, and it being a fundamental rule of that society that the work-people are shareholders in the undertaking, recommend that the whole of the mortgage moneys charged on the Ouseburn works be taken up by co-operative societies and individual co-operators.' The resolution was carried 'without a dissident.' It was stated that Halifax had increased its investments to £10,000, and Heckmondwike to £3,000; while Brighouse society had recently invested £1,000, and the Co-operative Wholesale had 'lent £5,000 on debenture bonds<sup>2</sup>.' The energetic doctor had started, in June of the previous year, the Industrial Bank of Newcastle; and in an address to co-operative societies soliciting support, both as shareholders and customers, it was stated the bank would 'be conducted on the soundest and most approved banking principles<sup>3</sup>.' As a matter of fact, its principal function was to finance the Ouseburn Engine Works.

At the beginning of October, 1873, 'about 100 men and boys engaged in the boiler-making department' went out on strike. They had been on piecework, and 'the men were satisfied with the amount of money they earned.' But a short time before the strike they were told that in future

<sup>1</sup> *Co-operative News*, vol. iii. p. 193.

<sup>2</sup> *Ibid.*, pp. 193 and 194.

<sup>3</sup> *Ibid.*, vol. ii. pp. 336 and 400.

they would have 'to work by time, the weekly wages being fixed at 27s.' The men complained 'that the directors gave them only two or three hours' notice of their intention to make a change; and did not allow them to finish the contracts in hand on the old terms.' The men then sent

'in a claim for an advance, in order, according to their statement, that they might be placed on an equality with workmen engaged in similar work in other establishments in the district. According to the rules of the Ouseburn company, a certain amount is deducted weekly from the wages of the workmen with a view to their becoming, in time, owners of shares in the company; and the boiler-makers feel that with a lower rate of wages than that received by men in other manufactories, it is impossible for them, with the present high cost of all necessities, to properly maintain themselves and their families, and at the same time allow a portion, however small, to remain in the hands of the company<sup>1</sup>.'

The strike caused a series of county court applications for the repayment of deposits; and, in spite of the new rules, the county court judge decided in favour of the men; the result being that all the boiler-makers 'were able to recover every shilling that stood to their credit on deposit<sup>2</sup>.' It appeared that the proper legal formalities had not been complied with to render the deposits equivalent to share capital<sup>3</sup>. In connexion with this, it should be observed that in the early part of 1873 Dr. Rutherford stated that the men, 'instead of leaving 10 % as a deposit, were leaving now at the rate of 20 % on their weekly wages<sup>4</sup>.'

The balance sheet for the year ending June 30, 1873, showed a loss of £10,097; but this did not show the full and true state of affairs, for there had been a revaluation of the assets, and a nominal reserve fund of £11,224 was created by the simple process of writing up the paper value of the property. In this balance sheet, the paid-up share capital stood at £30,005, and the loans on mortgage, &c.,

<sup>1</sup> *Co operative News*, vol. iii. p. 491.

<sup>2</sup> *Ibid.*, p. 641, and vol. vii. p. 218.

<sup>3</sup> *Ibid.*, vol. iv. p. 267.

<sup>4</sup> *Ibid.*, vol. iii. p. 194.

at £24,778, while there was an unpaid balance of purchase money of £20,205. The value of the works, plant, &c., was entered at £54,997, and the item of 'unfinished work, less instalments received,' figured at £15,942<sup>1</sup>.

For the year ending September, 1874, the directors reported a profit of £1,605, and a dividend of 5 % was declared on share capital. But the auditors objected, pointing out that the previous year's loss had been written off out of reserve. 'As the reserve fund was not set aside out of the trading profits of your business, but was created by a revaluation of the works, we are of opinion that it should not be made to bear the loss on your trading transactions<sup>2</sup>.' At the annual meeting Dr. Rutherford was accused of doing 'just as he liked.' A director had 'resigned that night, and the reason he resigned was that he would not be kept running about the Ouseburn works, and be treated with the contempt with which he was treated.' Dr. Rutherford offered to resign, but a unanimous vote of confidence was awarded him<sup>3</sup>.

On September 6, 1875, a circular was issued exhibiting a lamentable state of affairs. It said :

'We regret to inform you that our engine manufactory account for the last year shows a loss of £10,862 5s. 4d., the iron foundry of £225 5s. 6d., the brass foundry of £176 15s. 11d., the copper-smiths' shop of £149 3s. 7d., while the forge shop shows a profit of £549 12s. 1d.'

Through the failure of several firms they had also

'made bad debts amounting to over £8,000. At the commencement of the working year, though we had old contracts to finish, and new contracts could only be booked at a great reduction in price, the workmen insisted upon a rise of 10 % in the rate of wages, which we were wholly powerless to prevent. The system of compulsory deposit, though founded on sound principles, has, in the opinion of the manager and foreman, increased the cost of production.'

<sup>1</sup> *Co-operative News*, vol. iii. p. 458.

<sup>2</sup> *Ibid.*, vol. v. p. 160.

<sup>3</sup> *Ibid.*, p. 186.

The debenture holders and others had been approached with a view of obtaining additional funds, but 'the result has not been such as to warrant the hope that we shall be able to resist the pressure of our creditors or to prevent liquidation<sup>1</sup>.'

In a statement submitted to the delegates at the Glasgow Congress, Dr. Rutherford gave the following reasons for the failure, in addition to those already narrated :

'We had never a leaven of co-operation sufficiently powerful to leaven the whole lump. . . . With no knowledge of the principles of political economy, and a very narrow interpretation of the rules of their unions, it is not to be wondered at that so many of our men became the tools of a political and social clique that from the first plotted our destruction as a co-operative institution. The time rules of the Ouseburn, including the rule that each day counts its own overtime, the excessive restrictions upon labour from a section of our men, the small proportion of our apprentices, the frequent discussions and deputations, the excessive amount of overtime required to enable us to finish our contracts, and, generally, the want of discipline resulting from the impression that every man was his own master—all contributed to increase the cost of production.'

Against the above must be set the doctor's words in April, 1873, at the time when he first publicly announced the loss of £25,000 on contracts. He explained that 'he was a mere apprentice, simply a learner, and he had to learn by dear-bought experience.' Speaking of the men, he said, 'they had very few difficulties inside, he was happy to say. To the everlasting honour of the men, they had made his position and that of the directors as easy as possible. They had had suggestions to make at times, but they had been made in so thoughtful a manner that it would be impossible for the most critical to find fault with them<sup>3</sup>.'

Towards the end of the company's life, the men did

<sup>1</sup> *Co-operative News*, vol. vi. p. 487.

<sup>2</sup> *Ibid.*, vol. vii. p. 218.

<sup>3</sup> *Ibid.*, vol. iii. p. 193.

get restive under what they thought was mismanagement. This restiveness seems to have been met by discharging some of the more active spirits ; and this, in its turn, led to the formation of a 'workmen's committee.' In the *Newcastle Chronicle* of October 5, 1875, there appeared a long letter signed, on behalf of the workmen's committee, by William Thomson, in which the men sought to put their views on the matter before the public. Dealing first with the wages question, the writer said :

'The operative engineers had had granted to them by the employers an advance of 15 % in their wages--5 % in February, 5 % in May ; but the third 5 % was not uniform throughout the district. Part of the firms gave it in August, while the greater part did not give it till January of this year. It must be observed that during this 15 % wages agitation the workmen of the Ouseburn Engine Works kept themselves aloof, as the articles of association provide that the wages shall be fixed annually ; but in order that the directors would not be taken unawares or by surprise, at a request for an advance of wages at the commencement of the working year, a meeting was held in February, presided over by the chairman of the company, the result of the proceedings being that the question of wages was referred to the arbitrators'—

numbering three chosen by the directors, three chosen by the workmen, and a chairman chosen by these six. On June 5, 1874, the arbitrators unanimously decided 'that an advance of wages to the amount of 10 % be given to the workmen all round on July 4, 1874, and that a further advance of 5 % be given on October 1 following.' After this, the workmen agreed to subscribe a double amount weekly out of their wages for 26 weeks, and let this stand as debenture loans bearing no interest for 18 months. They further gave up their claim to the 5 % advance awarded them by the arbitrators, to be given on October 1.

The letter went on to state that the discharged workmen held an average of £65 each in shares, debentures, and deposits. They had been discharged for taking an active part in watching and criticising the management. They



'pointed to the fact that the company's secretary, along with another person, under the name of Wright, Wass and Company, supplied the works with the great bulk of its heavy materials,' on which supplies the chairman of the company had admitted they paid 1 % commission; but the writer added, 'The facts in our possession bear no comparison to the above percentage.' The superintendent of stores had been suddenly discharged; and 'the chief clerk of Wright, Wass and Co. was appointed, with instructions that the goods and materials required should be supplied' either by Wright, Wass and Co., or by the Engineering Agency Company, which was 'composed of the above firm along with others, some of whom are connected with the management of the Ouseburn works.' The firm of Wright, Wass and Co., referred to by the men, came to grief with the fall of the Ouseburn; and a well-informed person told me that 'at the bankruptcy of Wright, Wass and Co. it came out that Dr. Rutherford was a partner.'

There was considerable trouble over the liquidation. On November 30, 1875, Messrs. Nuttall and Benson were appointed liquidators under a compulsory order, and the works were to be kept open with a view to selling them as a going concern<sup>1</sup>. The Industrial Bank had to go into voluntary liquidation as a result of its close connexion with the Ouseburn; and there seemed, at one time, a prospect of costly and interminable legal wrangling between the bank and the other creditors, over the division of the Ouseburn assets. At the Leicester Co-operative Congress, a committee was appointed to watch over the liquidation of the two companies, with a view to preventing a waste of co-operative funds; and after considerable trouble, they succeeded in effecting a mutually satisfactory compromise<sup>2</sup>.

In consequence of numerous statements having been made that the Ouseburn Company and the Industrial Bank

<sup>1</sup> *Co-operative News*, vol. vi. p. 625.

<sup>2</sup> *Ibid.*, vol. viii. pp. 502 and 652, and vol. x. p. 70.

had not been fairly treated by the Co-operative Wholesale Society, a conference of 50 delegates from 27 societies was held in Newcastle, on November 25, 1876, at the instance of the Wholesale Society, to investigate and discuss the subject. In the discussion, it was stated that between June, 1872, and June, 1873, the Wholesale, Halifax, Heckmondwike, and Bradford societies, had advanced £16,500 to the Ouseburn,

‘because it was represented that the company desired to pay off the mortgage. The security afforded was debenture bonds, which were to be a first charge upon the land, buildings, machinery and utensils, after the first mortgage had been satisfied. . . . It is now found that a large part, at least, of these advances were not used for the purpose of paying off the mortgage as promised. Then again, the very same security represented as having been granted to these societies was granted to the extent of £20,000 to the Industrial Bank for advances made since, and in addition a bill of sale for £10,000.’

The Ouseburn also obtained from the Wholesale Society, in 1874, another £3,000 on security of bills ‘which they were assured were perfectly good security, and would be honoured when presented. When the bills were matured and passed for clearance they were dishonoured. Afterwards they were acknowledged by representatives of the Ouseburn to be merely accommodation bills.’ The conference had a very exhaustive discussion of all the points at issue, and then unanimously passed the following resolution: ‘That this meeting exonerates the directors of the Wholesale Society from any blame in connexion with the Industrial Bank and Ouseburn Engine Works, and considers their action just and right.’

The investments of societies in the Ouseburn were: The Wholesale, £8,000 of debenture loans; six Yorkshire societies, £5,100 of shares and £11,750 of loans; and nine societies in the Newcastle district, £4,150 of shares and £3,100 of loans. The share investments of societies

in the Industrial Bank amounted to £10,340; and they also had balances lying to their credit with the bank<sup>1</sup>.

At a shareholders' meeting held on January 22, 1876, with the object of reconstructing the company, the liabilities were stated to be £126,100 and assets £85,000, assuming that £51,000 could be obtained by the sale of the whole of the land, buildings, and plant<sup>2</sup>. The effort at reconstruction fell through; and in August, 1876, the Wholesale, Halifax, and five other societies, bought the whole for £26,000, with the idea of recouping themselves, if possible, for their past losses<sup>3</sup>. In September, 1882, a first dividend of 1s. in the pound was paid to the creditors; and in September, 1886, a second and final dividend of 3¼d. in the pound was paid, making a total dividend to creditors only of 1s. 3¼d. in the pound<sup>4</sup>.

The purchasers of the Ouseburn works constituted themselves into the Tyne Engine Works Company. They kept the business going through the great trade depression until the beginning of 1881, when, disheartened at their continued want of success, they determined to sell at the best price obtainable. The forced sale realized £23,000 for the land, buildings, and plant. All the creditors were paid in full, and the shareholders received a dividend of 5s. in the pound<sup>5</sup>.

The Ouseburn were not the only ironworks that were started through a strike. After the six months' strike in the iron trade in 1866,

'a project was started by the men who were out on strike to build ironworks on the co-operative principle. The result was the Drinkfield Iron Company, at Darlington, with a nominal capital of £100,000. Only about £5,000 was paid up, which was expended in erecting works on a moderate scale; about £5,000 more being borrowed, and left as a mortgage. The works being erected there was no money to commence business.

<sup>1</sup> *Co-operative News*, vol. vii. pp. 625-7.

<sup>2</sup> *Ibid.*, p. 52.

<sup>3</sup> *Ibid.*, vii. p. 430.

<sup>4</sup> *Ibid.*, vol. xiii. p. 619, and vol. xvii. p. 972.

<sup>5</sup> *Ibid.*, vol. xiii. p. 534.

A call of 35s. per share on the £5 shares was made, but remained to a large extent unpaid; and the company came to a deadlock' in July, 1868<sup>1</sup>.

A company, of which Mr. Henry Curren Briggs was the chairman, and Mr. Walter Morrison, M.P., a large shareholder, was started in 1870, under the title of the North of England Industrial Coal and Iron Company. In June, 1872, the paid-up share capital was £97,570, of which the workmen held £550. The company possessed ironstone mines at South Belmont and Swainby, and blast furnaces at Carlton. The Leeds society was an investor to the extent of £2,000; Halifax and some other societies were also 'large shareholders<sup>2</sup>.'

For the second year of its existence, it paid a dividend at the rate of 10 % per ann.; 'and confident hopes were expressed that the balance sheet for the year 1873 would show such a surplus above the initial rate of dividend (10 %) as would enable the company to pay a handsome bonus to all the employes<sup>3</sup>.' The company, however, made a loss of £15,922, instead of a profit. It had 'seriously suffered, in common with others, by the signal failure of the Danks patent puddling furnaces.' Some contracts had been taken at good prices in the early part of the year; 'but when the crisis came the parties concerned in them had, without exception, failed to carry them out.' When accounts came to be balanced, the company's debtors 'had suspended payment, and the company suffered serious loss.' The miners employed by the company at Ailesbury had

'continued work at the reduction of 3d. per ton during the late strike in Cleveland, thus enabling the company to gain considerable profit and declare a bonus to the men in the mining department. At South Belmont mines most of the unionists did cease work, and thus forfeited their right to any bonus.

<sup>1</sup> *The Co-operator*, vol. viii. p. 457.

<sup>2</sup> *Co-operative News*, vol. ii. p. 340, and vol. v. p. 44.

<sup>3</sup> *Ibid.*, vol. ii. p. 340.

In the other departments the men had worked well ; but as no profits had been made no bonus could be declared.<sup>1</sup>

The bonus to the 'non-unionist miners upon the wages paid them during the past year' was 9*d.* in the pound<sup>1</sup>.

In 1875, the company abandoned the South Belmont ironstone mines at a considerable sacrifice of capital, so as to avoid 'more serious and continuous losses.' On the other hand, they had completed the sinking of some coal pits, and were turning out over '400 tons daily.' The Carlton forge was stopped ; but the company was erecting 'new plate mills,' and hoped shortly to resume work<sup>2</sup>.

From Mr. Morrison, who in 1891 was chairman of the Carlton Iron Company, and from Mr. Fawcett, of the Leeds society, I have learned that the company has had almost continuous non-success. It was reconstructed some years ago under the above name. Mr. Morrison said : 'For many years we have not been able to pay bonus to labour, nor indeed dividends on capital ;' while Mr. Fawcett said that the Leeds society has written off the original £2,000 investment, so that its value in the society's assets 'now only stands at £250.'

A smaller venture was the Excelsior Co-operative Iron-works, Limited, Sheffield. It was registered in August, 1872, under the Companies Act ; the capital being £2,000, in £1 shares. The intention was to carry on a general business of boiler-makers, founders, millwrights, &c., and to begin with the foundry first. The provisional committee consisted of five pattern makers, two ironfounders, two furnace-men, and one fitter. After paying 10 % per ann. on share capital, the remaining profits were to be 'divided proportionately between the subscribed share capital, the wages paid to all officers, servants, and directors of the company, and all customers of the company.'

The first half-year's working showed a small profit of £32, it being stated that 'the prospects for work are very

<sup>1</sup> *Co-operative News*, vol. v. p. 44.

<sup>2</sup> *Ibid.*, vol. vii. p. 16.

<sup>3</sup> *Ibid.*, vol. ii. p. 449.

good, but the directors have been very much cramped by the smallness of capital at their command.' The number of shareholders was 72, with 889 shares. In response to the directors' appeal, another 200 shares was subscribed by August, 1873. The company had only spent £41 on formation expenses, including registration certificate. Its assets were: £793 buildings and machinery, £229 stock-in-trade, £218 trade balances, and £73 cash balance<sup>1</sup>. I can find no further traces of this company; and therefore conclude that, with its weak financial resources, it speedily sank under the great trade depression.

The Scottish Co-operative Ironworks Society was registered on May 11, 1872, under the Industrial Societies Act<sup>2</sup>. It was asserted to be 'the first of the kind in Scotland;' and up to the end of 1892 it had also been the last. It arose from 'the engineers' short-time movement in 1872. At the close of that contest, a number of the leaders, who had become publicly known through their advocacy of working-class interests, were discharged from their various workshops. In these circumstances, it was proposed that a Co-operative Iron Company should be formed<sup>3</sup>. In support of the scheme, 'a series of meetings were held in Glasgow and Motherwell, addressed chiefly by Mr. Borrowman.' About the same time a proposal was made to start a shipbuilding society at Dumbarton; but an 'amicable amalgamation of the two efforts was made, so as to concentrate all the co-operative strength on the one object<sup>4</sup>.' The prospectus, after referring to the fact that shipbuilding and engineering were 'the staple industries of the Clyde,' stated that the 'company has for its basis the division of surplus profits between capital and labour. Interest at the rate of 5 % per ann. is first given to capital, while labour receives the current rate of wages. The remaining profit is then

<sup>1</sup> *Co-operative News*, vol. iii. p. 444.

<sup>2</sup> Registrar's Returns, 1872, p. 79.

<sup>3</sup> *Co-operative News*, vol. iii. p. 361.

<sup>4</sup> *Ibid.*, vol. ii. p. 365.

divided equally at so much per pound between capital invested and wages earned<sup>1</sup>.

The first meeting of the shareholders after the registration of the society was held in St. Enoch's Hall, Glasgow, on Saturday, July 6, 1872. A committee was elected, consisting mostly of operatives engaged in the iron trades. Provost Bennett, of Dumbarton, was elected chairman, and Mr. James Borrowman, then manager of the Scottish Wholesale Society, was elected treasurer. Shares to the value of £1,100 had been subscribed. Commenting on this, the editor of the *Co-operative News* said :

‘The society has not made that headway which the importance and the numerical strength of the engineers in Glasgow and the West of Scotland would have led us to anticipate. . . . We cannot think that a scheme so momentous to the future of labour would be indifferently received, but rather that there are circumstances which have intervened to divide the interest which this important undertaking ought to receive<sup>2</sup>.’

At the end of February, 1873, the society secured the St. Rollox Engineering Works, which were fitted ‘for carrying on boiler-making and engineering in all their various branches,’ and several months were employed in the reconstruction of works, and in the rearrangement of old, and the fitting up of new, machinery. The value of the works was £5,000. By July, 1873, there were 100 workmen in full employ, all of whom were shareholders, and the orders on hand amounted to £6,000<sup>3</sup>. ‘As it was found that many of the shareholders were practically engaged in the shipbuilding industry, it was deemed desirable to prosecute that branch of business likewise.’ A shipyard was therefore ‘leased at Troon for carrying on ship repairs, and soon afterwards the company purchased about six acres of ground at Irvine for building new ships, and for doing marine engine work.’ The total number of persons employed in October, 1873, was 250, and it was the rule that ‘each

<sup>1</sup> *Co-operative News*, vol. ii. p. 442.

<sup>2</sup> *Ibid.*, p. 365.

<sup>3</sup> *Ibid.*, vol. iii. pp. 100, 361 and 540.

person who is in receipt of wages from the company must be a shareholder<sup>1</sup>.

The shares subscribed up to October, 1873, were 6,000 of £1 each; and the total paid-up share and loan capital was £7,233. The first half-yearly report said: 'The directors consider it judicious not to show any profit, the work in hand not being completed.' So they took the unfinished work into stock 'at the actual cost of time and material<sup>2</sup>.'

During the early months of 1874, Mr. Borrowman (the manager of the Scottish Co-operative Wholesale Society), 'on his own responsibility, made large advances of loan capital to the Scottish Ironworks,' of which he was treasurer<sup>3</sup>. On the committee of the Wholesale discovering this, the matter came before the meeting of the delegates of the shareholding societies. It was already apparent that there would be great difficulty in making the ironworks a success, and some delegates asserted that the society could not retrieve its position. On the other hand, it was suggested that the committee should be empowered 'to give further pecuniary assistance, so as to enable them to overcome their present temporary difficulties.' Ultimately, the meeting, although very sore, left the matter entirely in the hands of the committee<sup>4</sup>.

The society never sent a return to the registrar; and the only detail given by this official after registration, was the brief notice in the return for 1874—'This society is being wound up<sup>5</sup>.'

At an adjourned meeting of the Scottish Wholesale Society, held on January 30, 1875, it was decided to recoup the loss sustained by the ironworks failure by deducting from the declared dividend 1*d.* in the pound of sales<sup>6</sup>. In principal and interest the loss was £10,214. For a short time it

<sup>1</sup> *Co-operative News*, vol. iii. p. 540.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Wholesale Societies' Annual*, 1887, p. 125.

<sup>4</sup> *Co-operative News*, vol. iv. p. 171.

<sup>5</sup> Registrar's Returns, 1874, p. 85.

<sup>6</sup> *Co-operative News*, vol. vi. p. 65.



arrested 'the progress of the Scottish Wholesale Society, the capital decreasing during the next year 3 %, and the sales only increasing 6 % ; but the loss was cleared off in 2½ years, and in a very short time the society returned to its normal condition of progressive advance.' Mr. Borrowman, however, lost his position through his excess of zeal ; it being pointed out that 'the delegates alone have the power to invest capital outside their own business ;' and that therefore 'the manager was much to blame for making these advances to the Ironworks Company, and it was only just and right to appoint another in his place<sup>1</sup>.'

The Co-operative Ironworks Company, of Oldham, was registered on March 27, 1872, with a capital of 4,000 £5 shares, under the Companies Act. Some details I have received from Somerset House, while others have been very kindly supplied by Mr. William Geldart, who was at one time secretary to the company. Among those who signed the articles and took a leading part in the formation of the company, was William Nuttall. In fact he was the second largest shareholder, and at one time he held 373 £5 shares. The objects of the company were to carry on the trades of 'engineers, millwrights, machinists, iron and brass founders, boiler-makers, builders, &c.' After paying a dividend of 10 % per ann. on share capital, the remainder of the profits were to 'be divided proportionately between the subscribed share capital . . . and the wages paid to all officers, servants, and directors of the company<sup>2</sup>.' So said the preliminary prospectus. But other counsels prevailed ; and the articles registered by the company provided for the 'remainder' being divided into three equal parts, of which one part went to share capital, one part to the employés, and one part to the customers.

The North Moor Iron Works were purchased at the beginning of July, 1872, for £5,950, and 'competent

<sup>1</sup> Wholesale Societies' *Annual*, 1887, p. 125.

<sup>2</sup> *Co-operative News*, vol. ii. p. 105.

judges' declared that the property was worth £10,900. The directors explained that by this purchase they not only removed a competitor from the field, but saved the delay that would be incurred by building and fitting new shops<sup>1</sup>. The special business entered upon was the making and fitting of turbine and other water-wheels, pumps, fans, boiler fittings, and mill gearing. The directors claimed that allowing labour and customers a share of the profits was 'the most certain means of securing the best workmen, and the greatest possible economy in material,' and would induce customers to give their company a preference with orders<sup>2</sup>.

The first balance sheet was made up on December 31, 1872. The shares subscribed up to this date were 895, on which £2 per share had been paid. The Wholesale Society had lent £5,000, and other loans amounted to £946. The directors said that 'this balance sheet exhibits a more satisfactory position than ever they anticipated.' £41 was written off preliminary expenses, £68 carried to a reserve fund, and a dividend at the rate of 20 % per ann. was declared on the paid-up share capital. Customers received a dividend of  $1\frac{1}{4}$  % on the amount of their orders, and the workers received a dividend of  $3\frac{1}{2}$  % on the amount of their wages<sup>3</sup>.

The second balance sheet, for the quarter ending March, 1873, showed a dividend at the rate of 10 %, and the third quarter's dividend to share capital was at the rate of  $17\frac{1}{2}$  % per ann. This quarter, the work-people received a bonus of  $7\frac{1}{2}$  % on their wages. The sales were at the rate of £25,000 a year; the share capital had increased to £12,000, and the loans to £8,500<sup>4</sup>. This prosperity continued for some time, and Mr. Geldart has informed me that for the quarter ending March, 1875, the company declared a dividend at the rate of 20 % per ann.; but nothing now went to the workers or the customers, as, by a new clause in the articles,

<sup>1</sup> *Co-operative News*, vol. ii. p. 354.

<sup>3</sup> *Ibid.*, vol. iii. p. 65, and Mr. Geldart.

<sup>2</sup> *Ibid.*, p. 454.

<sup>4</sup> *Ibid.*, p. 455.

which was registered in January, 1875, all the profits were in future to be divided exclusively among the shareholders. They now numbered 250, holding 4,641 shares, on which £3 each had been paid.

In 1876, the company changed its name to the North Moor Foundry Company, and the whole of its articles of association were altered.

‘From this time the firm drifted into bankruptcy. With repeated losses, and dividends nil, its position became desperate. No doubt various causes existed to bring about this adverse state of things; perhaps the chief reason being that the company embarked in a new business to the neglect of their specialities. They commenced to make steam-engines, a business entirely new to them, and for which the works were not adapted; for, although taking orders for and making several, not one was made at a profit. Indeed, the last pair contracted for were taken at £5,000, whilst they cost the company the sum of £9,900 to produce. This contract proved to be the last straw on the back of the unfortunate camel. The company became surrounded by difficulties; the mortgagee foreclosed for the amount of mortgage, £5,000, and costs, and the company went into voluntary liquidation on October 29, 1881. The statement of accounts, as presented to a meeting of creditors, showed assets as realized to pay 20s. in the pound to the creditors and leave a small balance. But on the appeal of the solicitor to the liquidators, on behalf of the shareholders, who were chiefly working men, the creditors generously consented to accept a dividend of 17s. 6d. in the pound. The shareholders then received a return of 3s. on each £5 paid-up share<sup>1</sup>.’

The liquidation was finished on September 12, 1882.

The Keighley Ironworks Society was registered on November 26, 1885. The rules state the objects of the society to be to carry on the trades of manufacturers and dealers in washing machines, brushes, &c., ‘with the purpose of thereby improving the social and domestic condition of its members, and of conciliating the conflicting interests of the capitalist, the worker, and the purchaser.’ Any person, society, or company could be admitted to

<sup>1</sup> Statement supplied to me by Mr. Geldart.

membership, if approved by the directors. The shares were to be £1 each, and every shareholder had one vote. Out of ten officers and directors, the employés had the right to specially and exclusively elect one director, who must be both a shareholder and an employé. This exclusive right does not appear to have affected their right of voting as shareholders in the election of the other directors, or of standing for election as directors at the ordinary shareholders' meeting. The profits, after providing for a depreciation of 10 % per ann. on fixed stock and 'the necessary allowance for the depreciation of buildings,' were to be appropriated<sup>r</sup> in paying 5 % per ann. interest on share capital, and the remainder was to be 'divided into three equal parts, viz.: one to capital, one to labour, and one to the customer.' No employé was to be 'allowed to withdraw any profits until his shares' amounted to £5.

'The idea of forming a society to manufacture wringing machines was, in the first instance, mooted at the annual festival of the Keighley Industrial Society,' in November, 1884<sup>1</sup>. Mr. William Webb, in an article printed in the *Dewsbury Pioneer* of, I think, March, 1891, said:

'The project in its inception was received by a determined but ineffectual opposition, and the old and familiar argument of ruin to the private trader was rigged up and trotted out very vigorously; but such a laudable cause could not long be delayed; and when in December, 1884, Mr. John Hey read a paper on the subject before the monthly meeting of the members of the Keighley Industrial Society, the opposition vanished like mist before the rising sun. . . . The meeting adopted a resolution requesting the quarterly meeting to consider the matter, and in response to the resolution the quarterly meeting held on January 28, 1885, directed the board of management to appoint a sub-committee to formulate a scheme and bring the matter to a focus.'

The sub-committee was duly appointed, and about the middle of 1885 a prospectus was issued, which resulted in 'ninety-

<sup>1</sup> *Co-operative News*, vol. xvi. p. 759.

one persons and societies agreeing to take up between 600 and 700 shares.' Thus encouraged, a meeting of persons favourable to the new society was called in the assembly-room of the Industrial Society on August 5, 1885, at which 'the attendance was very promising for the future success of the enterprise.' At this meeting 'it was stated that a works could be commenced easily with a capital of £1,300, which would be capable of manufacturing about 100 wringing machines weekly. It was also considered desirable to get as many as possible of the distributive societies having furnishing departments to become shareholders in the concern <sup>1</sup>.'

From this date up to July 31, 1886, the provisional committee were occupied in securing shareholders and capital; and at the 'first half-yearly meeting' they were able to report that 'the shares taken up amounted to £1,396. At this meeting the committee recommended the shareholders to rent the Goulbourne Street Works, Keighley; and their proposal was adopted by 'a very large majority'.' In the article by Mr. Webb, to which I have previously alluded, he stated that 'the society entered upon the premises in August, 1886, at a rental of £68 per ann. The first manager was appointed in the following October, and operations were commenced with a working staff of only four in number.' The premises were certainly large enough for the staff, for they comprised 'a large two-story workshop, engine and boiler-houses, and other erections.' Preparing for business occupied them until the end of the year; their sales up to January 1, 1887, being only £8. Their shareholders at that date numbered 160, with a paid-up share capital of £890, and a loan of £100 <sup>2</sup>.

With the opening of the year 1887, the society entered upon an arduous struggle against ill-fortune, from which, thanks to Yorkshire grit, they came out successful. Their

<sup>1</sup> *Co-operative News*, vol. xvi. p. 759.

<sup>2</sup> *Ibid.*, vol. xvii. p. 785.

<sup>3</sup> Congress Report, 1887, p. 122.

sales for this year were £1,350, on which they sustained a loss of £128. They had expended £649 on fixed stock, and their share capital had grown to £1,596<sup>1</sup>. In 1888, the sales increased to £2,812, and the loss for the year decreased to £65. The directors attributed the loss in this year to bad rollers, heavy expenditure on 'show cards, illustrated catalogues, &c., and a reduction in the price of machines' They also reported to the members, that they had effected a change in the management, 'which, judging from the past three months' work, will have a most beneficial effect upon the society's welfare<sup>2</sup>.'

These anticipations were realized. From this date the society's career has been one of unchecked and growing prosperity. The profit in 1889 amounted to £247, which enabled the directors to write off past losses, and create a small reserve fund<sup>3</sup>. According to Mr. Webb, the society had erected a foundry, and had added the casting of umbrella stands, fuel economizers, &c., to that of casting the iron frames of the wringers. In 1890, the society purchased the freehold of its premises. The year had been very prosperous. The sales were £4,460, and the net profit £244. After paying 5 % to share capital, a bonus of 6*d.* in the pound was declared on capital, custom, and wages. This was not an accurate rendering of the rule, which distinctly said that the profit shall 'be divided into three equal parts.' By this reading of the rule, capital took about £43, custom £67, and labour only £17. The legal division should have been £42 to each. The rule has since been altered so as to conform to the practice. The directors very fairly boasted that in three half-years 'the society had cleared away a deficit balance of £161; depreciated fixed stock, £150; added to fixed stock and not charged to it, £49; and raised a reserve fund of over

<sup>1</sup> Congress Report, 1888, p. 119, and *Co-operative News*, vol. xix. p. 755.

<sup>2</sup> Balance Sheet for December, 1888.

<sup>3</sup> Congress Report, 1890, p. 152.

£40<sup>1</sup>.' The balance sheet for the half-year ending June, 1891, showed further progress. A foundry and workshop were in course of erection, and further enlargements were contemplated. The sales for the six months were £2,735, and the profit was £186, after paying 5 % to capital, and providing for depreciation, on fixed stock at the rate of 20 % per ann., and on land and buildings at the rate of 2½ % per ann. This profit was disposed of in paying '6d. in the pound bonus on shares, labour, and trade,' being respectively to each £52, £19, and £67. A balance of over £46 was carried to reserve, bringing this fund up to £93. The share capital had grown to £2,307, belonging to 36 societies and 152 private shareholders; and there were £1,639 of loan capital. A return kindly supplied to me in 1890, showed that the society then employed about 24 persons; but only two of them were shareholders, owning £7 of capital.

The balance sheet for the half-year ending December, 1892, reported sales to the amount of £3,054, and the profit on these sales was £182. What has come to be regarded as the usual bonus of 6d. in the pound, was declared on 'capital, trade, and labour respectively.' The share capital had grown to £3,303; the loan capital was £2,164, and the reserve fund was £150. The value of the land, buildings, and fixed stock was £3,106; and the directors stated that 'the premises and plant are sufficient for double the trade done during the half-year.'

In the spring of 1892 the trades unionists complained of the Keighley Ironworks Society employing non-unionists; Mr. Alfred Burrows saying, 'There are three men employed at the shops who are eligible to be society-men; the other men employed are not eligible to enter the Ironfounders' Society.' To this the secretary of the Ironworks' Society replied: 'We never ask our men whether they be club men or no; consequently, if they be eligible, the fact

<sup>1</sup> Congress Report, 1891, p. 150, and *Co-operative News*, vol. xxii. pp. 93, 173.

of their non-membership is due to them and not to us.' A director supplemented this, saying, 'The society pays better wages than any other firm (in the district) engaged on similar work ; and, in addition to that, a further sum in the shape of bonus to labour <sup>1</sup>.'

Several efforts at co-operative production have been made in the nail industry. In 1864, the nailmakers of Bromsgrove went out on strike against a reduction of 10 % on their 'already scanty wages.' It was said that 'a nailer must work hard to earn 16s. a week; 10s. is perhaps the average of the men, and 3s. 6d. to 5s. the earnings of the women and children.' The 'evil of low wages' was aggravated 'by the illegal truck system.' In consequence of this strike a society was registered, with the object of enabling 'honest and industrious men to obtain better prices <sup>2</sup>.' This society continued in existence until 1872, but no details of its history are obtainable.

The Lye Distributive Co-operative Society, which was registered in 1861, began to employ some of its members at nailmaking about 1867. Three-fourths of their members were nailmakers, and 'most of the employers kept tommy or truck shops.' The nailers 'were obliged to trade at their masters' shops in order to have work to do.' The society had a surplus of a few hundred pounds, so 'they began very cautiously by selecting the most worthy of their members, and employed them to make such nails as they were accustomed to produce. The society had only to supply the members with iron, and pay for the nails brought in,' as it was 'the custom in Lye for the work-people to furnish the plant <sup>3</sup>.'

A letter from Mr. Pearson, the then secretary, at the beginning of 1892, said :

'We have had lots of ups and downs, and have paid heavily for our experience. But we have kept pegging away, and have made a name for good workmanship, which has gradually

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 331, 388 and 420.

<sup>2</sup> *Co-operator*, vol. vi. p. 71.

<sup>3</sup> *Ibid.*, vol. ix. p. 676.



brought us unsought trade. We have had to go outside the movement for all our trade. Besides making all kinds of hand-made nails, we make all kinds of wheelwrights', coachbuilders' and boatbuilders' ironwork, and all kinds of basket fittings.'

The Dudley Industrial Nail Manufacturing Society was registered in 1879, having for its first offices the address of the Dudley Co-operative Stores'. Up to 1882, it was successful; but in 1883 it had a loss on the year's trade of £45. From that date its trade and its capital, which were never large, have dwindled down; its profits also have followed the same course. The membership has never been more than twelve, and was down as low as eight in 1881. Its highest sales were in 1883, when they amounted to £1,329. Its lowest were in 1890, when they were only £190. In 1891 the sales improved a little, being £300. Its highest profit was in 1884, when it amounted to £68. In 1890 it was only £5; and in 1861, although the sales had improved, the profit was only £2. In this year the fixed stock was valued at £5. In 1886, the society had a reserve fund of £54, but at the end of 1891, the reserve fund had disappeared. After paying 5 % interest to share capital, the remainder of the profits have been divided, 'equally per man,' among the workers. In 1883, the share capital was at its highest, viz. £267, and the loans were £81. In 1889, the shares had dwindled down to £18, and the loans to £7. In 1890, the loans had disappeared, but the share capital had gone up to £31, and the number of members had increased once more to twelve<sup>2</sup>. At the end of 1891, the share capital was £47. According to information supplied to Miss Potter, these shareholders were all employed by the society.

In 1885, Mr. Henry Rowley visited Dudley, and, writing of the Industrial Nail Makers' Society, said :

'They have made a success of their undertaking. This success, however, has been achieved by hard work and thorough

<sup>1</sup> Registrar's Returns, 1879, p. 37.

<sup>2</sup> Registrar's Returns and Congress Reports for the years named.

determination. Although they pay to themselves 4*d.* per 1,000 more for making nails than is paid by the trade, still they have not lost a day's work for want of orders during the last seven years. The same cannot be said of their brethren working for capitalists. They have had no security of employment. Their wages have not during the past seven years averaged 7*s.* per week <sup>1</sup>.

The factory inspector for the Wolverhampton district (Mr. Hoare), reporting in 1888, described the hand-made nail industry as a declining trade, and further said: 'The workers undersell each other's labour, too often from destitution and ignorance.' A woman said to him, 'I made 5,000 hob nails last week, for which I got 2*s.* 7½*d.* I consider it a good week's work, having to look after the house and children.' Another said, 'a good worker might earn 5*s.* in a full week.' The remarks about underselling applied also to the chain trade. Mr. Hoare reported, 'a man making  $\frac{5}{8}$  inch chain, working about 66 hours a week, in front of a hot fire, said, "I cleared 12*s.* last week."' Another worker, a 'girl of eighteen, making small chain, said, "I made a full week last week, and cleared 3*s.*" She seemed very industrious, and worked eagerly the whole time I was talking to her <sup>2</sup>.

The above extracts from Mr. Hoare's report will perhaps serve to explain the gradual decline of the Industrial Nail Makers, as well as to illustrate the difficulties which societies in these trades have to contend against.

The Midland Nail Makers' Association, Dudley Street, Dudley, was registered in 1884 <sup>3</sup>. At the end of that year it numbered ten members, with £183 of share capital, £65 of loan, and £16 of reserve. Its fixed stock amounted to £8. The sales for the year were £784, on which a profit of £36 was realized <sup>4</sup>. The year 1885 saw an increased success, except that the number of members was reduced to eight.

<sup>1</sup> *Co-operative News*, vol. xvi. p. 233.

<sup>2</sup> Factory Inspectors' Reports, 1888, pp. 108 and 109.

<sup>3</sup> Registrar's Returns, 1884, p. 95.

<sup>4</sup> Congress Report, 1885, p. 148.

The share capital was £265, the loans £216, and the reserve £27. The sales were £1,205, and the profit was £80. Share capital received 10 % interest, and £59 were divided among the workers, at an equal rate per man. The Mid-land Section of the Central Co-operative Board, in their report to the Congress of 1886, remarked :

‘This prosperity is remarkable in the face of the continued depression in trade and the severe competition. We know that the increased interest the members take in the style and finish of their work, combined with the good quality of the iron used in the manufacture, has secured for them a good name, which we trust they will ever maintain<sup>1</sup>.’

The profit made by the society in 1886 was £56, and in 1887 it was £67<sup>2</sup>. In this latter year the trade fell off, owing to the manufacture of horse nails by machinery ; so that the members deemed it advisable to commence business in the spade and shovel trade. This, at first, did not prove so successful as some of them anticipated ; but during the six months ending March, 1888, their spades and shovels had been shipped to every known quarter of the globe. Their trade in these goods went on increasing up to the end of 1888 ; and instead of counting their output by the score of dozens, they spoke of it by the hundred of dozens<sup>3</sup>. The sales for 1888 were £1,539, being 40 % higher than those for 1887 ; but unfortunately there was a loss of £25. The share capital was £333, and the loans £132. In 1889, with sales of only £1,111, there was a loss of £84<sup>4</sup> ; but in 1890, although the sales were only £916, the society managed to make a profit of £34. The share capital had gone down to £288, and the loans to £43. The small amount of fixed stock had been written off. In this year, according to a statement supplied to Miss Potter, the society employed fifteen persons, all of whom worked at their own homes. Five of these were shareholders, and

<sup>1</sup> Congress Report, 1886, pp. 38 and 140.

<sup>2</sup> Registrar's Returns, 1886, p. 62, and 1887, p. 72.

<sup>3</sup> Congress Report, 1888, p. 44.

<sup>4</sup> Registrar's Returns, 1888-9, p. 72.

owned £192 of capital. Three shareholders, who were not employes, held the remaining capital. In 1891, the sales were only £236, on which a profit of £25 was realized. At the end of the year, there were only eight members, with a share capital of £268, and a reserve fund of £18<sup>1</sup>.

The Bromsgrove Nail Forgers' Society was started in November, 1887, and was registered in July, 1888. At the end of this year it was only just commencing working<sup>2</sup>. At the end of 1889, it had 157 members, with £151 of share capital. During the year it had sold £265 of goods, on which a profit of £10 was made<sup>3</sup>. At the end of 1890, the balance sheet showed that the sales had been £438, on which a profit of £22 had been realized. This, like the profit of 1889, was carried to a reserve fund. The number of members was 170, with £232 of share capital. This capital had been scraped together by weekly contributions, collectors being paid £18 during the year to collect £86. The society had also made 'levies' amounting to £10 17s. 5d., and had received £14 in donations. But for these there would have been a loss on the year's working. The productive wages paid during the year amounted to £259, and salaries, &c., to £23.

In their report for 1890, the committee said :

'We have paid our work-people 10 % more for wages than most in the trade, and 20 % more than the sweater. In many cases we have defended the weak from the oppression of the sweater ; and your committee are confident, if the whole body of nail-makers would join your society, sweating would soon be a thing of the past.' They concluded by saying : 'We would not forget our fellow towns-people, who have helped us this year at a time of great need, and who are so much interested in our well-being. To them our heartiest thanks are due.'

In March, 1891, the society was employing one person on its premises, and fifteen at the work-people's homes. Two of the employes were on the committee, and all the

<sup>1</sup> Congress Report, 1892, p. 172.

<sup>2</sup> *Ibid.*, 1889, p. 35.

<sup>3</sup> *Ibid.*, 1890, p. 152.

sixteen were shareholders. The sales in 1891 were £398, and the profit was £21. Ten pounds of this were appropriated to the payment of interest on share capital at the rate of 5 % per ann. The reserve fund amounted to £43. The membership had fallen to 145, but the share capital had risen to £280<sup>1</sup>.

The Dudley Bucket and Fender Society was registered in 1888. During its first year, it effected sales to the amount of £853, on which it had a loss of £36. The number of its members at the end of 1888 was eight, with £343 of share capital, and £82 of loans. The fixed stock was £136<sup>2</sup>. The year 1889 was more successful. The loan capital had been repaid, and the share capital had been increased to £430. The balance sheet showed that goods had been sold to the value of £3,009, on which a profit of £146 had been realized. The productive wages paid during the year amounted to £590, and management wages to £45. After writing off the previous year's loss, the profit was divided as follows:—Interest on share capital at 5 % per ann. for 1<sup>3</sup>/<sub>4</sub> years, £37; bonus to capital, £55; bonus to labour, £28; bonus to manager and officers, £15; and to educational and reserve funds, £11. The bonus to the work-people was only on the wages of the last half of 1889; and was at the rate of 1s. 6d. in the pound. 'The bonus was paid in cash to workmen at a social supper on January 24, 1890, to the great satisfaction of the work-people.' At the members' meeting, on January 17, 1890, it was further decided to 'distribute free to every workman a copy of the *Co-operative News* every week,' with a view to developing their co-operative sympathies<sup>3</sup>. The number of shareholders remained at only eight.

In July, 1890, according to the rules and to a statement sent to me by Mr. Jos. Edwards, the secretary, the shareholders had increased to fifteen, comprising three work-

<sup>1</sup> Congress Report, 1892, p. 172.

<sup>2</sup> *Ibid.*, 1889. p. 34, and Society's Balance Sheet for 1889.

<sup>3</sup> *Co-operative News*, vol. xxi. p. 137.

people, five other persons, and four co-operative societies. The share capital was supplied in the following proportions: By the three workers, £335; by societies, £45; and by the five other persons, £245. The three employés were on the committee; and the society was then employing on its premises, thirty men, women, and children. It was not the committee's fault that so few of the employés were shareholders. Some of the employés had promised to invest their bonus in shares; but they afterwards 'raised an excuse that the money was needed for other purposes.' The method of dividing profits was one-third to capital, one-third to labour, and one-third 'to be applied as the committee may determine.' Besides making the buckets, the society also does the galvanizing. Five-sixths of the sales were to co-operative societies.

The sales for the year 1890 were £5,499, on which a profit of £319 was realized. Only £170 of this was divided, half going to capital, giving it an additional  $12\frac{1}{2}\%$  per ann., and half going to labour, giving it a bonus of 1s. 7d. in the pound on wages. The reserve fund had been increased from £11 to £79<sup>1</sup>.

For the year 1891, the society showed continued prosperity. The sales were £6,841, and the profit was £493. The share capital received its 5% per ann. interest, and a bonus equal to another 20% per ann. Labour received £156, equal to 2s. 2d. in the pound of wages. The reserve fund amounted to £167; and the fixed stock had been reduced by £77 during the year, leaving the value in the accounts at £133<sup>2</sup>.

The Walsall Industrial Lock and Hardware Manufacturing Society was registered on November 5, 1874. I have received from Mr. W. G. Harrison, whose father has been manager from the commencement, some details that otherwise I should not have been able to obtain. In 1873, there was a strike at Walsall in the lock trade, the workers having

<sup>1</sup> Congress Report, 1891, p. 150.

<sup>2</sup> Ibid., 1892, p. 172.

demanded an advance of 10 % on their wages, and also the introduction of a uniform trade price list. After a week's strike the employers conceded the men's demands ;

'but almost immediately the men had returned to work, the masters posted a notice refusing to pay the list prices, although they had signed an agreement to do so. The men left work again and sued the employers for breach of contract, when the action was compromised by the employers paying a sum of money to the Cottage Hospital, and returning to the list price again. Very shortly one firm began giving some of the men notice to leave in order to avoid paying the list prices ; so the workmen for that firm came out a third time. However, some of them returned to work, and others followed, until about 20 only were left out. These were spotted and refused employment ; so the trades council, after paying strike pay for about 17 weeks, decided to recommend the union to support the out-of-work men in forming a Co-operative Padlock Society. The initiative was left to the men, but they were helped largely by a gentlemen in the town (Mr. S. Welsh) who used his influence on their behalf. Several unions, including the locksmiths', took up shares or gave donations ; and certain individuals in the town helped in the same way. Thus, with the addition of what the men could subscribe themselves, a capital of £83 was raised.'

The rules provided for the capital being held in £1 transferable shares, and 5 % per ann. interest was allowed thereon. The remainder of the profits was to be divided on shareholders' interest, and on wages, in the proportion of two parts on each £1 of interest to one part on each £1 of wages. No servants of the society 'other than journeymen' were eligible for office as committeemen.

The originators appointed G. Harrison, one of their number, to act as manager ; and he still filled this position at the end of 1892.

'In selecting workers, they at first started with all those that were out on strike, and were still unemployed ; and afterwards, when in want of a man, an invitation was given to some one whom the committee thought would suit, the committee retaining the power of engaging and dismissing men.'

‘There was no organized attempt on the part of the masters to crush the society ; but they acted, and always have done, in a hostile manner towards it. The bulk of the trade being for abroad, the society did not employ a traveller ; but business was done with merchants and factors, principally at Birmingham.’

With rare exceptions, these gentlemen were found quite friendly, and as well disposed to buy from the society as from private firms, when prices were as low.

The statistics in the Registrar’s returns show that, at the end of 1876, the society had 23 members, with £328 of share capital and £109 of loans. The sales for the year were £3,412, on which there had been a profit of £53. In 1887, the sales were £4,745, but there was only £23 of profit. Year by year, the sales steadily increased up to 1886, when they amounted to £11,248. Year by year, too, the profit seemed to grow ; except in 1880, when none appears to have been made ; and in 1886, the profit amounted to £470 on a share capital of £508, and a loan capital of £236. In 1887, the sales fell to £9,038, and the profit to £428. The highest membership during these years was in 1881, when the number was 33. In 1886–7 the number had declined to 27<sup>1</sup>.

In March, 1888, an amendment of rules was registered, which altered the name to ‘The Co-operative Padlock Society,’ and raised the interest on share capital from 5 % to 7½ % per ann. This was done in the hope of attracting capital, as, although the workers had left some of their bonus in the society, the greater portion, up to this date, seems to have been drawn out.

The balance sheets for the years 1888–90 showed continued prosperity—the sales being respectively, £12,079, £11,737, and £13,175. The profits were respectively, £558, £739, and £712. At the end of 1890, the share capital amounted to £776, and the loans to £334. There

<sup>1</sup> Registrar’s Returns, 1876 to 1887.



was a reserve fund of £976, an inventions fund of £19, and an undivided profit balance of £144, in addition to the year's profit above mentioned. In 1888 and 1889, the bonus on wages was 8 % on a total wages bill for the two years of £11,805. The profit made in 1890 was disposed of as follows: 7½ % on shares, £58; 20 % bonus on share interest, £11; making altogether 9 % per ann. on share capital; 10 % bonus on £6,312 wages, £631; educational fund, £40; reserve fund, £20; and carried forward, £96. The fixed stock was valued at £686. In April, 1891, an effort was made to obtain £2,000 of share and loan capital, so as to enable the society 'to erect a new factory' which would 'effect greater economy in working, and provide more healthy accommodation for the work-people.' The new buildings were completed in May, 1892; and were said to be fitted in a most convenient manner for the business<sup>1</sup>.

At the end of June, 1891, the society had 58 shareholders. Six of these were societies and trades unions, holding £285; 48 were employes, holding £851; and there were four other individuals, holding £159; making a total share capital of £1,295. The number of employes was 180. All the employes worked on the society's premises, except about seven, who were engaged at key-filing in their own shops, and employed others under them. These seven employed about 20 persons. Writing to the *Co-operative News* on this point, in reply to a stricture, Mr. Harrison said:

'It is universally the custom in this trade for one branch of work, the filing of keys, to be carried on in small shops, where the different operations, requiring a varying amount of strength and skill, can be carried on under the personal supervision of the sub-contractor. The Padlock Society, from necessity rather than from choice, has adopted the same system<sup>2</sup>.'

Writing to me at the latter end of 1888, Mr. Harrison said:

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 560.

<sup>2</sup> *Ibid.*, vol. xxii. p. 895.

'In late years we have done a little foreign trade direct with Canada, France, and Belgium. Advertising may have brought us most of these customers. The greater part of our orders, however, come from samples which we supply free to merchants' travellers. Although the trade is in the hands of half a dozen manufacturers, it has been cut up perhaps as badly as any trade, and worse than most. The competition is unnecessary, yet even at busy times it is continued ; and the only result is repeated reductions of wages. Of course we have had to face it, and we have managed to make a profit each year, although it has been a continual struggle. Compared with men outside the society, our workers are better off as regards regularity of work, and as to conditions of work also. According to correspondence between the union secretary and a newspaper writer, our work-people receive about 10 % better prices than other firms pay. Most of our reductions of wages have been decided by the general body of workers (members and non-members), who have had to choose between no work or reduced pay. They have generally chosen the latter, and so all friction has been saved.

'Very few of our members are members of a co-operative store. For one thing, the society here has been in existence a short time only. There is also one great hindrance to our progress co-operatively and socially. The members refuse to elect other workers as shareholders, as it would to some extent reduce their bonus, for half the non-members' bonus is retained and added to the reserve fund. This consequence of the selfishness and ignorance of our members is a complete block ; and no arguments will induce them to do their duty and elect new members.'

In the interval, the members seem to have made some moral progress, if not much ; for while there were, when the above was written, only 35 shareholding employes, there were 48 in June, 1891 ; and by the end of 1892, the total shareholders had increased from 40 to 74. In his letter of August 29, 1891, previously referred to, Mr. Harrison further explained that 'a large proportion of the non-members are young persons—youths, girls.' The co-operators have become 'the largest makers in their branch of the padlock trade ; but they are not large enough to do all the work they could have,' if they had more capital to

extend their operations. All the committee are journeymen employés.

The sales in 1891 were £14,722. In 1892, they dropped slightly, and were only £13,523. The profits were £1,015 and £611 respectively. In 1891, the employés received a bonus of 10 % on their wages ; in 1892, they received one of 6½ %. The wages paid were, in 1891, £7,327, and in 1892, £7,011. Shareholders received the regulation 7½ % each year, and in addition, a bonus in 1891 of 20 % on their interest, and in 1892, one of 12½ %. The share capital at the end of 1892 was £1,867; the loan capital was £2,087; and the reserve fund was £1,472<sup>1</sup>.

In January, 1887, a meeting was held in Walsall to promote the formation of a chain manufacturing society. On the application of the promoters, the Co-operative Union sent a representative to advise the meeting. It appeared that 'the chainmakers, having been on strike for about six months against a reduction of wages, already at starvation point,' had begun 'to look for some means of avoiding these constant struggles.' It was stated that 'the men can raise about £150, and are confident that they could commence operations with a sum of £200. They express their willingness to sacrifice a portion of their weekly wages with this object<sup>2</sup>.' The struggle between masters and men continued up to midsummer, 1887, when, the resources of the Chainmakers' Union being exhausted, most of the workers had gradually returned to their employment; but a few still stood out, and registered the Walsall Co-operative Cart-gear, Chain and Hame Manufacturing Society<sup>3</sup>.

The new society started work at once, and by the end of the year it had sold goods to the value of £224, and made a profit of £4. There were 12 members, with £25 of share capital and £10 of loans. The sales decreased in 1888 to £179, and in 1889 to £116; while the profits were respec-

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 310, and vol. xxiv. p. 127.

<sup>2</sup> *Ibid.*, vol. xviii. p. 80.

<sup>3</sup> *Ibid.*, p. 679.

tively £10 and £9. In 1890, the number of the members was increased from 12 to 24, with £58 of share capital and £15 of loan. The fixed stock was £27. The sales for the year were £346; but there had been a loss of £14<sup>1</sup>.

A co-operator, writing at midsummer, 1891, said:

‘The Cartgear Society is pretty much in the same position as twelve months ago, and does not gain ground. There is, however, a reasonable prospect of success before it, with honest management. In their case, there are grounds for believing that the fact of there being a co-operative society, small as it is, has helped to sustain wages in the chain trade in Walsall; as employers do not wish to drive their men to the co-op.’

The sales in 1891 were £576, and the profit was £31. I am not aware how this profit was divided<sup>2</sup>.

The terrible nipping of the operatives in the small iron trades of Staffordshire by the middlemen, or foggers as they are termed, has been noted for more than a generation. Each nip has usually caused a strike; but the workers have been often defeated. On April 4, 1887, a great mass meeting of over 2,000 operatives was held at Cradley Heath to protest against another reduction of wages, and it was determined to strike unless an advance were conceded<sup>3</sup>. At another meeting, held on May 23, 1887, Mr. Malcolm Guthrie, and other gentlemen from Liverpool, urged the chainmakers to form themselves into a co-operative society; and promised that, in the event of the society being formed, members of trade societies throughout the country would be willing to take shares<sup>4</sup>. At a further meeting, held in July, 1887, it was stated that ‘as sections of the employers were determined not to concede the advance, the only remedy was to try co-operation,’ and it was determined to take all necessary steps to provide works in the district’.

<sup>1</sup> Congress Reports, 1888, p. 39; 1889, p. 34; 1890, p. 152; and 1891, p. 150.

<sup>2</sup> *Ibid.*, 1892, p. 172.

<sup>3</sup> *Co-operative News*, vol. xviii. p. 360.

<sup>4</sup> *Ibid.*, p. 513.

<sup>5</sup> *Ibid.*, p. 619.

In consequence of this, a small society was formed, and was registered in 1887 as the Cradley Heath and District Chain Manufacturing Society<sup>1</sup>. The society did not get to work until 1888. At the latter end of January of that year, a meeting in its support was held in the Salvation Army Barracks, Cradley, and was addressed on behalf of the Co-operative Union by Mr. George Evans, of Leicester. The chairman urged the audience that 'as they had not been able to do what they would have liked during the present strike,' they should 'turn their attention in another direction, so that they might be their own masters. As a society, their object would be to abolish foggers, and so get a fair day's wage for a fair day's work<sup>2</sup>.' The society had, at the end of 1891, made very little progress.

This may have been, and probably was, owing to the fact that a more ambitious attempt was being made under the auspices of the Co-operative Union. In consequence of the attention of the Productive Committee of the Central Board having been called 'to the distressing conditions under which the nail and chain industries are carried on,' this committee visited Cradley Heath on December 15, 1888, and 'interviewed many of the workers. Amongst them were the members of the small chain manufacturing co-operative society already in existence<sup>3</sup>.' This society then numbered 21 members, with £15 capital; but they had not even yet commenced working, beyond doing a little at their own homes<sup>4</sup>. The committee, in their report, condemned the domestic workshop system as involving a great waste of power, long hours of work, uncleanness and disorder, and a lowering of prices to an unnecessary and excessive degree. They recommended, therefore, the establishment of a co-operative chain factory, 'in which the workers shall receive the usual price for their labour, and after interest has been duly paid to the capitalist, the

<sup>1</sup> Registrar's Returns, 1887, p. 106.

<sup>2</sup> *Co-operative News*, vol. xix. p. 89.

<sup>3</sup> *Ibid.*, vol. xx. p. 236.

<sup>4</sup> Report of visit to Cradley by the Productive Committee.

remaining profits shall be allotted amongst the workers in proportion to their earnings, and shall be accumulated for them as paid-up share capital.'

On receipt of this report, the Central Co-operative Board authorized an appeal to be made for £1,000 of capital, to enable the proposed co-operative factory to be started; and at the 1889 congress, the Productive Committee reported that 'in response to our appeal, we have now some £800 promised as shares in the society<sup>1</sup>.' In 1890, however, the committee reported that 'further consideration has convinced us that it would be injudicious to encourage any commencement unless a capital of at least £2,000 is promised.' Over £1,000 had been subscribed; but they thought that 'if the attempt is to be made at all, it ought to be on such a scale as will enable success to be made probable. The Trades Union Congress Parliamentary Committee has expressed its willingness to assist<sup>2</sup>.' There the matter still rested at midsummer, 1891; the committee reporting to the Lincoln Congress that the total funds promised amounted to £1,120, and that the position of affairs remained almost the same as reported to last congress<sup>3</sup>.

After the congress, the Central Board Productive Committee appointed a sub-committee to push the project forward. On the recommendation of this sub-committee, in September, 1891, it was decided to get a society registered, and, subject to the approval of the promised shareholders, to 'erect a factory with ten or twelve fires, with blast, and machinery for testing and blackening chains<sup>4</sup>.' The effort failed, because, as the committee reported, 'it did not seem possible to get a sufficient number of earnest and enthusiastic workers to join in the attempt.' Neither could they find any one in 'whom they could thoroughly confide the management of the factory when started.' The

<sup>1</sup> Congress Report, 1889, p. 37.

<sup>2</sup> *Ibid.*, 1890, p. 39.

<sup>3</sup> *Ibid.*, 1891, p. 38.

<sup>4</sup> *Co-operative News*, vol. xxii. p. 997.

individuals and societies who had subscribed in support of the scheme had their contributions returned in full<sup>1</sup>.

At the latter end of 1886, Mr. Stevens, a member of the Birmingham School Board, read a paper to the Amalgamated Tin Plate Workers' Society, recommending the adoption of the principle of co-operation in the tin plate industry. The trade society took the matter up with great energy; the Birmingham branch at once took 400 shares, the Wolverhampton branch 100 shares, and individual members became the holders of 200 more. Thus the capital subscribed was £700; and this was deemed sufficient to commence business as manufacturers of all kinds of tin, iron, brass, and copper, sheet metal goods. Of the board of directors, eight represented the Birmingham branch of the trade society, two the Wolverhampton branch, and three the individual shareholders<sup>2</sup>. The society was registered towards the middle of 1887, as the Midland Productive Co-operative Tin Plate Workers' Society, 25 Masshouse-lane, Birmingham<sup>3</sup>. Business was commenced very speedily; and at the end of the year, the directors reported that the result had far exceeded their expectations<sup>4</sup>. The number of members was 64, and the paid-up share capital was £500<sup>5</sup>.

At the end of 1888, the society numbered 63 members, with £828 of share capital; the fixed stock was £136, and the sales for the year were £1,208. On this, there had been a loss of £182; they had employed, during the year, about sixteen men, three women, and two boys. 'They had been somewhat handicapped by the unprecedented rise in the value of tin, copper, and iron; and also by the anxiety on the part of buyers to buy low-priced, and therefore very shoddy, articles, which they had been in the habit of purchasing.' The Birmingham District Conference Association

<sup>1</sup> Congress Report, 1892, p. 36.

<sup>2</sup> *Co-operative News*, vol. xviii. p. 1321.

<sup>3</sup> Registrar's Returns, 1887, p. 107.

<sup>4</sup> *Co-operative News*, vol. xviii. p. 1321.

<sup>5</sup> Congress Report, 1888, p. 39.

had been 'officially informed by the president of the trades union that this productive society has saved that body at least £5 per week by finding employment for their unemployed members<sup>1</sup>.' Matters improved in 1889. The sales amounted to £2,281, on which a profit of £91 was realized<sup>2</sup>; and the improvement being continued, additional accommodation for their workpeople had to be provided in the middle of 1890. The number of employes had increased to 30, and at the opening of the extension it was asserted that 'the society had proved that the workmen employed could be paid the standard rate of wages and a 10 % bonus; and that a fair amount of profit could then be made<sup>3</sup>.'

In August, 1890, Mr. Gannon (the secretary) sent me a little information. Seven co-operative societies held £765 of share capital, and 72 workers held £141, the total being £906. I do not know whether the trade union is included as a society, or if it has withdrawn its capital. Miss Potter has informed me that, early in 1891, there were only five employes who were shareholders, the other 'members apparently preferring to work for private firms until the concern is well established.' The number of employes in August, 1890, was 32, and all of them worked on the premises. The rules prohibit employes from being on the committee; and provide for the profits being divided as follows: 5 % per ann. to share capital, 50 % to the workers, and the remainder 'between capital, labour, and customers, in such proportions as a general meeting directs.'

In 1890, the society made a loss of £134; but in 1891, it made a profit of £88. The sales for the two years were £3,332 and £3,612 respectively. The number of members at the end of 1891 was 78, and the share capital was £926<sup>4</sup>. Most of the trade was done with co-operative societies.

<sup>1</sup> Congress Reports, 1888, p. 44, and 1889, p. 34; Registrar's Returns, 1888, p. 70.

<sup>2</sup> Congress Report, 1890, p. 152.

<sup>3</sup> *Co-operative News*, vol. xxi. p. 652.

<sup>4</sup> Registrar's Returns, 1890, p. 78, and 1891, p. 86.



Early in 1888 some members of the Alcester Co-operative Society began to discuss the advisability of starting a society for manufacturing needles. One of the advocates, who was a needle-maker, urged that 'one firm in Redditch made a profit last year of £22,000. They employ 400 hands. He thought that this small sum would help co-operators a little if the employés were co-operators<sup>1</sup>.'

The result of the discussion was the registration of the Alcester Productive Society on October 2, 1888, the object of the society being the manufacture of needles. The rules provided that the shares were to be £1 each, and each member must hold not less than five shares. Share capital was to receive 5 % per ann. interest, and the remainder of the profit was to be divided in three parts, of which one went to the shareholders, one to the purchasers, and one to the workers. No employé could be an officer of the society.

Operations were commenced with 23 members, and £40 of share capital<sup>2</sup>; and the society issued its first balance sheet at the end of June, 1889. The sales for the half-year had been £63, and the net profit was £13. This allowed a bonus of 6*d.* in the pound on wages, sales, and capital, and £5 to a reserve fund<sup>3</sup>. At the end of 1889, there were 53 members, with £139 of share capital, and £25 of loans. The sales for the whole year had been £189, and the profit was £27. Of this sum £9 went to share capital, and £2 each to the purchasers and workers<sup>4</sup>. At the end of 1890, the number of members had increased to 118, the share capital to £461, and the loans to £203. The fixed stock was £301; the sales for the year were £421, and the profit was £32. Of this amount, share capital took £18, the purchasers received £1, and the workers received £2<sup>5</sup>.

In 1891, the sales were £699, and the profit was £29.

<sup>1</sup> *Co-operative News*, vol. xix. p. 328.

<sup>2</sup> Congress Report, 1889, p. 34.

<sup>3</sup> *Co-operative News*, vol. xx. p. 849.

<sup>4</sup> Congress Report, 1890, p. 153.

<sup>5</sup> *Ibid.*, 1891, p. 150.

This was only sufficient to pay 5 % interest on share capital<sup>1</sup>. In 1892, the sales were over £1,200. The committee reported that after writing '£51 10s. off fixed stock, a profit of £94 18s. is available.' It was 'decided to dispose of this by paying 5 % to shareholders,' and a bonus of 4d. in the pound on share capital, sales, and wages. £10 was added to the reserve fund, and a balance of about £20 was carried forward to the credit of the 1893 profit and loss account. It was further reported that 'the society has had to contend with lack of capital, and has had to have recourse to a considerable bank overdraft, for which the committee are personally responsible<sup>2</sup>.'

The above-described application of the profits appears to me to be another instance of a wrong interpretation of the rules, as special rule 12 of this society distinctly says that one-third of the net profits shall be allotted to each of the three following classes—shareholders, purchasers, and workers.

The secretary (Mr. Simpson) has told me that, in the early part of 1891, the society was employing twenty persons. Fourteen of these worked on the premises, and six in their own homes, 'the great amount of subdivision of labour in the needle trade making it impossible' to employ all on the premises, until a larger trade has been secured. Thirteen of the employes were shareholders. The proportion of wages paid to the value of the raw material, as far as I can judge by the balance sheet, appears to be about one-third of wages to two-thirds value of raw material. Most of the goods are sold to co-operative societies, and the quality is highly spoken of. In September, 1891, the name of the society was changed to the Alcester Needle-makers' Society<sup>3</sup>. In the present state of public prejudice against co-operation, this is probably a wise alteration.

In 1890, the Knights of Labour Sheet Iron Workers'

<sup>1</sup> Congress Report, 1892, p. 172.

<sup>2</sup> *Co-operative News*, vol. xxiv. p. 103.

<sup>3</sup> *Ibid.*, vol. xxii. p. 1007.

Society was registered<sup>1</sup>. At the end of the year, however, it had not made a start; but early in 1891 it commenced business at Cradley Heath<sup>2</sup>. The representative of the society, speaking at a conference held in Birmingham in October, 1891, said 'the chief difficulty his society had experienced was in finding a market for their productions, most of which were exported<sup>3</sup>.' The sales in 1891 were £4,466; but no profit was made. At the end of 1891, the number of members was 101; the share capital was £729, and the loan capital was £512<sup>4</sup>.

On February 15, 1890, another attempt at co-operative lock-making was initiated at Wolverhampton, by a meeting, in St. George's Hall, of forty persons, representing 1000 workmen. Among other speakers, addresses were given by Messrs. G. Evans and E. L. Griffiths (of the Central Co-operative Board), and by Mr. Stanley (secretary to the Working Locksmiths' Trade Society). In moving a resolution to start a productive society, the latter said: 'If there had been a co-operative productive society in existence in their trade, a recent strike, which had cost the trade union over £1,000, would not have occurred.' A committee of nine working men was appointed to 'arrange preliminaries' for starting the society<sup>5</sup>.

The new venture was registered about midsummer, 1890, as the Wolverhampton General Locksmiths' Co-operative Society; and, at the end of 1890, it had 41 members, with £41 of share capital. It had expended £12 on fixtures, and had done a small trade, amounting to £30<sup>6</sup>. Mr. W. G. Harrison (of Walsall), writing to me at the end of June, 1891, said: 'The Wolverhampton locksmiths make high-class work; and when I was last there they were engaged on

<sup>1</sup> *Co-operative News*, vol. xxii. p. 59.

<sup>2</sup> Congress Report, 1891, pp. 52 and 150.

<sup>3</sup> *Co-operative News*, vol. xxii. p. 1024.

<sup>4</sup> Registrar's Returns, 1891, p. 90.

<sup>5</sup> *Co-operative News*, vol. xxi. p. 183.

<sup>6</sup> Congress Report, 1891, p. 150.

locks for the General Post Office. They are short of capital ; yet their rules restrict each member's holding to £10.'

An almost forgotten effort is that of the Co-operative Filesmiths' Society, of Sheffield, which was registered on February 19, 1866, and 'was established by the Filesmiths' Union, with the view of finding employment for members who were unable to obtain work elsewhere.' For a time the society is said to have done well ; but, from 1871 downwards, it steadily declined, owing, it was thought, to the death of their first manager<sup>1</sup>.

At the end of 1871, there were 25 members, with £1,250 of share capital, and £5,882 of loans. The fixed stock was valued at £582, and the sales for the year were £3,674 ; but there was no profit<sup>2</sup>. From this date, the society made no returns to the registrar, probably on account of the unfavourable state of its affairs. In 1877, it borrowed £450 from the South Yorkshire Miners' Association ; and, as the miners could obtain neither interest nor principal, they sued the Filesmiths in the Court of Queen's Bench. They got a verdict, but no money ; so they obtained, on November 7, 1880, a compulsory winding-up order from the County Court. It was stated that the Miners' Association was almost the only creditor, and that 'the Filesmiths' Society had drifted into its present position in consequence of the depression of trade<sup>3</sup>.'

In 1873, there was quite a crop of co-operative societies sown in Sheffield, no less than six having been registered under the Industrial Societies Act in that year. Among them was the Sheffield Engineering Society, of New-street<sup>4</sup>. At the end of 1874, this society had eleven members, with £778 of share capital, and £350 of loans. It had done a trade during the year amounting to £2,597, and had made £232 of profit<sup>5</sup>. In 1875, its business amounted to £2,632,

<sup>1</sup> *Co-operative News*, vol. xi. p. 750.

<sup>2</sup> Registrar's Returns, 1871, p. 52.

<sup>3</sup> *Co-operative News*, vol. xi. p. 750.

<sup>4</sup> Registrar's Returns, 1873, pp. 68 and 69.

<sup>5</sup> *Ibid.*, 1874, p. 58.

but there was no profit<sup>1</sup>. The society rapidly declined under the depressing influences of the bad times, and its business in 1876 was only £1,228. In 1878 it was dissolved<sup>2</sup>.

The Sheffield Cutlery Co-operative Productive Society was also registered in 1873, but with a much longer name than its present long one<sup>3</sup>. This society has had a very slow, but on the whole a steadily improving, career. At the end of 1874, it had 34 members, with £67 of share capital, and £53 of loans. At the end of 1875, it had 93 members, with £108 of shares, and £208 of loans. The fixed stock was £41, and the sales for that year were £188; but there was no profit. In 1876, the sales fell to £35, and again there was no profit. During the next three years, the sales gradually rose, until, in 1880, they amounted to £478, with a profit of £22. Then there was a relapse; and in 1883 there was a loss of £22, on sales of £536. From that date, the society has steadily improved, except in membership, the number at midsummer, 1892, being only 66, while in 1884, there were 80 members<sup>4</sup>.

At the end of 1890, the society had £372 of share capital, and £262 of reserve funds. The fixed stock was £24. The sales for the year were £1,944, and the profit was £288. From this profit, share capital was allotted £15, being 5% per ann.; labour received £30, being 1s. 6d. in the pound on wages; and the customers received £109, or 1s. 6d. in the pound on their purchases<sup>5</sup>. About equal prosperity attended the society's operations for the year 1891, and a similar division of profit was made<sup>6</sup>. The first half of 1892 gave the same results; but in the last half of 1892, the profit only allowed a ninepenny bonus to be paid to the employes and customers. The sales for 1892 were £1,946, while in 1891 they were £2,112<sup>7</sup>.

<sup>1</sup> Registrar's Returns, 1875, p. 64.

<sup>2</sup> Ibid., 1876, p. 29, and 1878, p. 34.

<sup>3</sup> Ibid., 1874, p. 58.

<sup>4</sup> Ibid., 1875-89, and *Co-operative News*, vol. xxii. p. 961.

<sup>5</sup> Congress Report, 1891, p. 150.

<sup>6</sup> *Co-operative News*, vol. xxii. p. 961, and vol. xxiii. p. 310.

<sup>7</sup> *Ibid.*, vol. xxiii. p. 987, and vol. xxiv. p. 127.

Up to the end of 1886, the society divided profits between capital and custom only, the former getting in the last half of 1886  $7\frac{1}{2}$  % per ann., and the latter a dividend of 6*d.* in the pound on purchases<sup>1</sup>. But in March, 1887, new rules were registered, which, besides shortening the name, provided for 'the payment of a dividend on paid-up share capital, at such rate, not exceeding  $7\frac{1}{2}$  % per ann., as the profits shall permit; and the remainder shall be divided in equal half portions between purchase and labour.' All profits allotted to labourers, or purchasers, must accumulate as share capital until the recipient has £20 invested<sup>2</sup>. As a matter of practice, the society pays 5 % per ann. only on share capital; and, after taking a portion of the profit to the reserve fund, as entitled by the rule, allots labour and custom the same amount in the pound on wages and purchases, which is not quite the same thing as giving each an 'equal half portion'<sup>3</sup>.

Early in 1891, Mr. Knowles (the secretary) informed me that 99 % of the trade was done with co-operative societies. Employés are not permitted by the rules to be committeemen. Ten co-operative societies held £100 of share capital, 30 employés held £70, and 20 other persons held £202. The society was then employing 40 persons, all of whom worked at their own homes, 'in accordance with the custom of the trade.'

From the above sketch, the reader will observe that the efforts to establish co-operation in the iron trades have extended from shipbuilding and marine engine-making on the one hand, to needles, nails, and wringing machines on the other. All the big efforts have collapsed; but some of the smaller ones are steadily growing in prosperity.

<sup>1</sup> *Co-operative News*, vol. xvii. p. 366.

<sup>2</sup> Society's Rule 16.

<sup>3</sup> Congress Report, 1891, p. 151.

## CHAPTER XXI.

### COLLIERY FAILURES.

THE history of this section begins with the conversion of the firm of Henry Briggs, Son and Co. into a limited company on July 1, 1865. Speaking at a co-operative meeting at Manchester on May 19, 1866, Mr. Archibald Briggs said that 'when his father and brother adopted the co-operative system, he as a partner gladly agreed to the proposal.' It

'was another instance of good coming out of evil; for his brother was so disgusted with the coal trade, from the difficulties caused by strikes and other misunderstandings, the result of which was that for two years the mines were worked at an average return of only  $4\frac{1}{2}\%$ , that he determined to sell the collieries. This resolve was afterwards modified into an attempt to form a partnership with the men, so as to induce them to work more steadily, and strive to promote their masters' good<sup>1</sup>.'

During a period of ten years prior to the formation of the company, four strikes had occurred, 'lasting in the aggregate 74 weeks<sup>2</sup>.' The fourth of these occurred in 1863; and was caused by the colliery owners, including the Messrs. Briggs, demanding certain reductions in wages, and the riddling of the coal in the pit without payment; and threatening to lock out their men unless all the miners in the neighbouring collieries also agreed to the reductions.

<sup>1</sup> *Co-operator*, vol. vii. p. 3.

<sup>2</sup> Taylor, *Profit-sharing*, p. 118.

The contest between masters and men was of a bitter character, the former utilizing the police to get non-unionist labourers ; obtaining local government stores to accommodate them ; and evicting the unionists from their dwellings under circumstances that ultimately created a riot. This riot led to vindictive prosecutions of unionist leaders ; but after a 16 weeks' strike, the men secured a substantial victory and work was resumed<sup>1</sup>.

In consequence of this treatment, the feeling of the men towards the firm was very bitter. One workman is reported to have said, 'All coal-masters is devils, and Briggs is the prince of devils.' \*When the experiment of co-operative profit-sharing was introduced, a general opinion prevailed that 'it was instituted in order to destroy the union,' and one man remarked, 'The thing is good ; but, you see, it comes from Briggs, and I have no faith in Briggs<sup>2</sup>.' Mr. Briggs himself said :

'In order to test the willingness of the men to work with them before granting this bonus, they required them to take the small trouble of obtaining a penny book containing the rules, in which their wages had to be entered. . . . The unexpected and rather disheartening fact was that a large number, nearly one-half, of the workers had never asked for these books<sup>3</sup>.'

Those who did not get the books knew they would thereby lose their bonus ; yet, 'only 300 out of 1,000 workmen applied for them<sup>4</sup>.'

When the firm became a limited company, everything was 'taken at the value at which it stood in the books of the firm ; while two-thirds of the capital, and the full control of the practical management, were to remain in Messrs. Briggs' hands. The allocation of profits was as follows : Whenever, after providing for the redemption of capital, &c., the divisible profits exceeded 10 % per ann. on the capital of

<sup>1</sup> Pamphlet by John Holmes, Leeds, 1863.

<sup>2</sup> Taylor, *Profit-sharing*, pp. 13 and 56.

<sup>3</sup> *Co-operator*, vol. vii. p. 3.

<sup>4</sup> *Ibid.*, p. 230.



the company, the work-people, 'including managers or agents at fixed salaries,' were to receive one-half of such excess profit, 'to be distributed amongst them in proportion to, and as a percentage upon, their respective earnings during the year<sup>1</sup>.' The company was paying about £1,000 a week in wages<sup>2</sup>.

The result of the first year's working was that the shareholders received a dividend of 12 %, while the workers who were shareholders received a bonus on their wages of 10 %, and the non-shareholding workers received a bonus of 5 %. This result was announced to a meeting of some hundreds of the work-people, which was held in the Whitwood Schoolrooms, on August 3, 1866; and on October 2, a 'commemorative meeting of the shareholders, workmen, and friends' was held in the Town Hall, Leeds, to celebrate the success. Among others who attended, were Mr. Thomas Hughes and Professor Fawcett. The former characterized the company as 'a great and successful experiment,' while the latter said that the 'success of the remarkable co-operative scheme which they were celebrating that evening would work a new and blessed epoch in the industrial history of the country.' At this meeting, an address and a 'silver épergne' were presented to Mr. H. C. Briggs, in the name of the employés<sup>3</sup>.

The second annual festival was held in a large wagon-shed at the Whitwood Colliery, on September 21, 1867, when about 1,800 persons sat down to tea, the room being profusely decorated 'in an elaborate and tasteful manner' with flowers, flags, mottoes, Chinese lanterns, and trophies made from the pitmen's tools. The dividend on the £90,000 of share capital was at the rate of 13 %; £8,000 was taken to reserve, and £2,700, out of a total net profit of £20,417, was divided among 975 employés as bonus, at rates on their wages varying from 4½ % to 12 %. At this

<sup>1</sup> Taylor, *Profit-sharing*, p. 118.

<sup>2</sup> *Co-operator*, vol. vii. p. 3.

<sup>3</sup> *Ibid.*, pp. 87, 189, 190.

meeting Mr. A. Briggs pointed out that the men could help to make additional profit by 'working how and when the managers wanted them to work;' and complained of some men giving up their situations because they were required to work for a time at a different pit<sup>1</sup>.

The company continued prosperous, paying year by year up to July, 1872, dividends on capital varying from 13½ to 15 %; while the sums granted to the workmen as bonus varied from £1,740 to as much as £5,250. 'During the last of this series of years the inflation in the coal trade commenced, the prices of coal rising rapidly with a corresponding advance in the rate of wages.' These advances in wages amounted in 'the aggregate from 27½ to 30 %.' In consequence of these advances, the dividend to be paid to the shareholders before dividing profits with workers was raised 50 %, viz. from 10 to 15 %; and by June, 1873, it is asserted that the advance in wages had increased to 'at least 50 % on the original standard.' The revised division of profits gave shareholders in 1873 a 25 % dividend and the men a bonus of £14,256<sup>2</sup>. In addition to this, the Whitwell Main Colliery was bought for £55,000, and £30,000 of the purchase money was provided out of the year's profit. This £30,000 was allotted to the existing shareholders in the form of a new issue of shares, and thus the men were deprived of their portion of it, which would have been £15,000<sup>3</sup>. In 1874, the shareholders received 18 %, while the men's bonus was £6,048. The share capital was now £201,600, and the number of employes was 2,218<sup>4</sup>. In addition to the sums divided, large amounts were placed to depreciation and reserve funds, altogether out of proportion to what is usual, and the men were thereby deprived of the share which ought to have come to them as bonus. In the two years 1873-4, the

<sup>1</sup> *Co-operator*, vol. vii. pp. 469, 519-21.

<sup>2</sup> Taylor, *Profit-sharing*, pp. 120, 121, 144-7.

<sup>3</sup> *Co-operative News*, vol. iii. pp. 430, 442.

<sup>4</sup> Taylor, *Profit-sharing*, pp. 120, 121, 144-7.

reserve was increased by £26,600; and in the three years 1873-4-5 'stores, repairs, renewals, and depreciations' were credited with £151,377<sup>1</sup>.

'During the half-year ending December 31, 1874, the reaction commenced, and the selling prices of coal gradually declined. This change in the trade necessitating a reduction in wages, notices to that effect were issued to the miners. The men, however, declined to recognize this necessity, and the employers thereupon offered to refer the question to arbitration; but it was only after a strike of four weeks' duration, in which the workmen of the company joined, that this offer of arbitration was accepted.'

The arbitration resulted in a reduction of wages<sup>2</sup>.

In consequence of the men taking part in this strike, 'the system of payment of bonus on earnings' was discontinued; the directors saying that 'as the miners act, in all questions arising between themselves and their employers, strictly under instructions from the executive of the union, it is evident that they are no longer prepared to recognize any special arrangement with the company<sup>3</sup>.' The above is extracted from a memorandum prepared by the Messrs. Briggs, and printed in Mr. Sedley Taylor's book.

Messrs. Briggs went on to say in the above-named memorandum, that they had, in 1872, come into collision with the men about the union. The latter had fixed on August 19 for a great demonstration. Accidentally, or otherwise, Messrs. Briggs fixed their annual shareholders' meeting for the same date, and issued a notice 'to the effect that any workman absenting himself from work in order to attend the union meeting would be considered as forfeiting all claim to bonus for the future. About one-third of the men did so forfeit their bonus.' This action on the part of Messrs. Briggs was characterized by Mr. Sedley Taylor as 'autocratic,' and Mr. Taylor remarked that the result must have been 'embitterment on the men's part,

<sup>1</sup> *Co-operative News*, vol. vi. p. 647.

<sup>2</sup> Taylor, *Profit-sharing*, p. 121.

<sup>3</sup> *Ibid.*, p. 122.

for they could only regard it "as an unwarrantable interference with their freedom of action<sup>1</sup>."

Commenting on the discontinuance of the bonus system at Messrs. Briggs' collieries, the editor of the *Co-operative News*, on December 18, 1875, stated that the fundamental conditions of association were wanting.

'We find neither the formation of a partnership with the object of doing justice to the worker, nor the observance of equity to him, by securing that his share of profits shall be clearly an addition to his wages, and not a substitution for them; nor the absence of a disposition to turn any unusual profits to the advantage of the capitalist at the cost of the worker. . . . The workers themselves declared that they were never paid for certain extras in work, on which, since the bonus system has been given up, they have actually got an advance of pay;' and 'when the unnatural inflation of the price of coal took place in 1872-3, the promised equality in the division of profits above a dividend of 10 % on capital was evaded.'

The opinion of the editor of the *News*, as above given, was confirmed by the Messrs. Briggs; for they said:

'Some of the surrounding colliery proprietors, anxious to attract men to their pits and secure as large a share as possible of the great prosperity, and finding the bonus given by our company was a great inducement to men to remain with us, began to offer something beyond the regular wages of the district, saying it was instead of "Briggs' Bonus," thus strengthening the view already entertained by some discontented men that the bonus was something kept back out of the weekly wages to be given at the end of the year<sup>2</sup>.'

When, therefore, the shareholders, in February, 1875, decided to discontinue the bonus system, the decision gave rise to 'no disturbance, or even any visible emotion,' which was 'a pretty conclusive proof that the men did not think they had much to lose by its abolition<sup>3</sup>.'

The South Buckley Coal and Fire-Brick Company, Limited, was registered under the Joint Stock Companies

<sup>1</sup> Taylor, *Profit-sharing*, pp. 123, 146.

<sup>2</sup> *Ibid.*, p. 125.

<sup>3</sup> *Co-operative News*, vol. vi. p. 647.

Acts in 1866. It was promoted, like the ill-fated Cobden Mills, by Mr. E. O. Greening; and, attracted by the statement that 'the collieries and brickworks will be placed under the system which has proved so successful in the case of the Whitwood and Methley Collieries, in Yorkshire, where a bonus is paid to the servants of the company in proportion to profits earned above 10 %,' shares were taken in the undertaking by Mr. Thomas Hughes, the present Marquis of Ripon, the Earl of Derby, and the Duke of Devonshire.

The prospectus further asserted, in reference to the profit-sharing provision, that 'this arrangement, which opens a door to self-improvement to the work-people, has been found to induce zealous co-operation by them in the promotion of the interests of the company, to lessen the chances of disputes and strikes, and to result in larger production and greater and more regular profits than are made even by private firms.'

The capital was to be £50,000 in £10 shares, of which not more than £5 was to be called up; £10,000 was to be reserved to the work-people<sup>1</sup>, to whom a voluminous address, signed by Mr. Greening as secretary, and a number of shareholders, was issued by the company to induce them to take up shares, &c. In it, they asserted 'the certainty of the success of the company as a commercial speculation. Until they had so satisfied themselves, they had refrained from appealing to the work-people in their employ to join them;' but they were 'now perfectly satisfied'.<sup>2</sup>

Notwithstanding this perfect confidence, the concern was a *fiasco* from the commencement. The first annual report of the directors, dated March 14, 1867, said: 'On taking possession of the property they found two small pits. . . . It was decided not to work the first-named pit, but to sink two new shafts.' They had no efficient means of transport for the coal, and had been crippled for money, although there only remained 'about 1,000 shares undisposed of.'

<sup>1</sup> *Co-operator*, vol. vii. pp. 2, 20, and 488.

<sup>2</sup> From copy of address supplied by Mr. T. Fowe.

Mr. Thomas Hughes had become a director. The report further stated that when 'the company has proper railway communication provided to open a suitable market, a large number of hands can at once be placed in the workings ; and they believe about 1,800 tons per week can be raised.' On this somewhat doubtful report, an 'interest dividend' (whatever that may mean) was placed to the credit of each shareholder<sup>1</sup>.

I believe this was the only dividend the company ever did pay ; and when, after some struggling, it was liquidated, Mr. Hughes and his friends were very heavy losers by the catastrophe.

What was at the time sensationally called the coal famine, broke out in 1872, and continued for about two years. Really it was not a dearth of coals, but a sudden excessive demand for coal from an exceptionally prosperous iron trade ; and this sudden excessive demand caused an extraordinary advance in prices. Writing in the *Co-operative News* of September 14, 1872, Mr. John Holmes gave some details, showing that in the West Yorkshire district 'since September, 1871, there have been five advances of coal, amounting to 8s. 3½d. per ton, averaging all round nearly 150 % upon the gross price of the coal itself.' The working miners were blamed by the masters, and, through their assertions, by the public also, for this advance, but Mr. Holmes pointed out that there had been in the same period only 'three advances of wages, amounting to 5½d. per ton, or about 25 % upon the gross amount of wages<sup>2</sup>.'

Before the above-named statement was printed, the prices of coal, in the district named by Mr. Holmes, went up another 5s. to 6s. per ton. Criticizing this advance, the *Leeds Express* said :

'Now that the best coal is above a guinea per ton, the colliers are receiving only 9d. per ton more than when the same kind of

<sup>1</sup> *Industrial Partnerships' Record*, 1867, p. 12.

<sup>2</sup> *Co-operative News*, vol. ii. p. 470.

coal was 10s. per ton. Our readers will thus clearly see to whom the lion's share of the enhanced price is falling. If colliers, who risk health, limb, and life, in their occupations; are to be considered shamelessly audacious in asking for an increase of 6½*d.* per ton, what are we to think of their gentlemanly employers, who demand of those they serve an advance of 5s. per ton, and that too, after securing a like advance, by instalments, in the course of two years<sup>1</sup>.'

By September, 1873, both wages and prices had advanced still further; and in a lecture delivered at King's College, Professor Leone Levi stated that 'the average wages of a miner in 1871 were 4s. 11*d.* a day, and in 1873, 8s. a day, being an increase of 62 %. But while the profits of the coal-owners averaged but 7*d.* a ton in 1871, they reached 3s. 6*d.* a ton in 1873, that is an increase of nearly 500 %<sup>2</sup>.' At about the same date, it was stated at a co-operative conference, at Barnsley, on the coal question, that 'the increased price of coal, even only calculated at the rate of 7s. 6*d.* a ton, amounted to £45,000,000, of which only £10,000,000 had gone to the coal-workers, and the remainder to the coal-owners<sup>3</sup>.'

In consequence of the exorbitant prices, and the fabulous profits realized by colliery owners through these prices, collieries were opened in all directions, and in October, 1873, the *Newcastle Chronicle* warned the trade and the public that the result of the high prices would be a run of ruinously low prices.

'Colliery undertakings are being offered at exorbitant prices, and the value thus exacted is not likely to be recouped when trade is restored to something like its normal state. . . . At the very best the enormous profits which are admittedly made by colliery proprietors at the present time cannot last much longer. . . . The coal-owners of this generation have sown the wind; the generation that is to follow will reap the whirlwind<sup>4</sup>.'

<sup>1</sup> *Co-operative News*, vol. ii. p. 487.

<sup>3</sup> *Ibid.*, p. 467.

<sup>2</sup> *Ibid.*, vol. iii. p. 514.

<sup>4</sup> *Ibid.*, p. 514.

The event followed quickly on the prophecy; and in April, 1874, it was reported: 'Coal is coming down, and wages are coming down faster than the coal; thus giving the counterpart to the rise of 18 months ago, when the men did not get more than one-sixth of the rise, although the greater part of it was placed to their account<sup>1</sup>.' The downward movement was almost as rapid as the rise had been; and the fight for life among the colliery proprietors resulted, as usual, in the survival of the fittest and the collapse of those who, through want of capital, through excessive royalties, through inferior coal-beds, or through other causes, were not strong enough to continue competing against their more fortunate rivals. Both co-operators and trades unionists took part in, and were affected by, the general excitement. At miners' association meetings, as well as at co-operative conferences, the subject was discussed; and resolutions were repeatedly passed in favour of starting co-operative collieries.

The first co-operative effort in the field was the Darwen Mining Company, Limited, with a nominal capital of £12,000<sup>2</sup>. It was started in the early part of 1872 by 'a number of members of the Darwen Industrial Society<sup>3</sup>,' Mr. Wm. Taylor, who afterwards became the manager, being the initiator of the affair. Mr. C. J. Beckett wrote to me: 'The dangling of a 40 % dividend caused' the Darwen Industrial Society 'to put £1,000 in shares into the company, and otherwise give it a lift in the world. It ended, as it often does, by lifting us into a position we had not bargained for.'

The site selected for the colliery was Whitebirk, near Blackburn. Borings had previously been made, and it had been 'ascertained that there were two seams of coal, the higher and the lower, the latter being 30 inches thick.' The first sod was cut on April 29, 1872, and 'the work was

<sup>1</sup> *Co-operative News*, vol. iv. p. 198.

<sup>2</sup> *Ibid.*, vol. iii. p. 49.

<sup>3</sup> *Ibid.*, vol. iv. p. 104.



zealously continued' until February 25, 1874, when 'the long-looked-for time of coming to the lower-mine' had arrived; and 'the first piece of coal brought up the shaft from the lower mine,' weighing 26 cwt., was carted by the Industrial Society through the streets of Darwen in triumph, and was presented to Mr. Eli Walsh, who had given 'every information to Mr. W. Taylor, the manager of the Darwen Mining Company' during the progress of the shaft-sinking<sup>1</sup>.

In 1889 Mr. Taylor sent me a cutting from a local newspaper, describing the working of the colliery, and he also gave me some further information. From these I gather that from the completion of the two shafts 'the colliery has been in full work,' with scarcely an intermission.

'There is a gradual slope from the workings to the bottom of the shaft, and the trucks of coal can be brought along what is called a chain road, running parallel with the intake airway, without any labour or steam. An endless chain runs from the workings to the pit mouth. Each truck is fitted with a fork, in which the endless chain catches, and runs the coal trucks from one end of the mine to the other. The weight of the trucks causes them to work without any other power being applied.'

The shaft was 137 yards deep. Over 500 gallons of water were pumped out of the mine every minute, and this was sold to the Leeds and Liverpool Canal Company.

The Mining Company was not able to make the pit pay under the altered conditions of the coal market. Loss succeeded loss; the Darwen Industrial Society helped the company by lending £6,000 on the mortgage of the colliery; but when this was engulfed, the Industrial Society called a meeting of its members on November 14, 1882, to consider whether it was advisable to foreclose and to work the colliery as a department of the society. The directors of the society recommended this course, 'and, to cover the present loss, they proposed to again put up the value of the

<sup>1</sup> *Co-operative News*, vol. iv. p. 104.

buildings, as had been done before.' Mr. Lightfoot, 'as an experienced collier,' gave his opinion, on the invitation of the chairman, 'that the Whitebirk Colliery never had paid its way, and never would. Mr. W. Hargreaves, a large shareholder in the Whitebirk, bore similar testimony.' In the end it was decided by a majority of nearly two to one to take over the colliery, and work it as recommended<sup>1</sup>. In consequence of this decision, the Mining Company went into voluntary liquidation on December 23, 1882<sup>2</sup>.

Mr. Beckett, writing to me in April, 1889, explained that 'the liability to coal lessors for ungotten coal stared us in the face; so the Industrial Society took the bull by the horns, and spent another £1,000 in addition to our £6,000 already there,' in a desperate effort to recoup the loss. 'We wrote down the plant to £2,000 upon entering into possession.' The society then negotiated with 'the coal lessors, and succeeded in getting terms which effected a saving of at least £500 a year. It was a period of great anxiety, and at one time writs and threats of action for compensation were like grasshoppers for multitude<sup>3</sup>.'

The Industrial Society continued to work the pit until the coal was all secured, and Mr. Taylor told me that the colliery made a profit every quarter after the society took possession, except the first quarter, and once since. At the end of 1889 the pit was closed, and the plant was sold for £2,275. During the seven years it had been in the possession of the Industrial Society, the whole of the assets were written off by depreciation. In addition 'the colliery had paid in interest no less than £700,' and 'instead of losing their' £5,000, abandoning the plant, and incurring a costly lawsuit, they had recovered every penny of the money; they had sold the plant<sup>4</sup>, and partially recompensed themselves for the capital which was written down at the time' they took over the colliery<sup>5</sup>. The amount realized by the sale

<sup>1</sup> *Co-operative News*, vol. xiii. p. 863.

<sup>2</sup> *Ibid.*, p. 891.

<sup>3</sup> *Ibid.*, vol. xxi. p. 329.

<sup>4</sup> *Ibid.*

<sup>5</sup> Society's Report, December, 1889.

was written off buildings and placed to reserve fund. Mr. Beckett informed me that two of the principal colliery employés were allowed a share in the profits, but as far as the rank and file went, the society kept all the profits, because the losses had been theirs.

A great effort may be said to have arisen from the gigantic demonstration held on Durham racecourse, on June 13, 1872, at which 35,000 miners were present. On this occasion, Mr. Thomas Burt, after saying that 'he was a co-operator himself, and had been for many years,' expressed his gratification that the principle

'was spreading throughout the two great mining districts. In Northumberland, they scarcely had a colliery of any magnitude but what either had a co-operative store of its own, or very easy access to one. . . . He would like working men to lay hold of the great principle of co-operation, for it was the highest species of unionism, and to recognize it as a great lever that is to raise them to a higher moral, social, and intellectual position than they occupied at the present time. . . . They wanted the principle applied to the production of wealth. . . . That must be their ultimate aim. They must go on accumulating funds until they were in a position to have mines of their own, and become their own employers<sup>1</sup>.'

On October 19, 1872, a meeting of delegates and members of the Northumberland Miners' Association was held at the Mechanics' Institute, Newcastle-on-Tyne, to consider the advisability of commencing a co-operative colliery. The chairman, Mr. Grieves, 'pointed out the necessity which existed for the formation of a society to work a mine, in which the men should participate in the profits arising from their labour.' This meeting 'unanimously resolved to form a Co-operative Coal Mining Society,' and appointed a committee to carry out the resolution. Among those appointed were Mr. Burt, Mr. E. Lowther, Mr. Stapleton (manager of the Newcastle branch of the Co-operative Printing Society),

<sup>1</sup> *Newcastle Chronicle*, June 17, 1772.

and Dr. Rutherford<sup>1</sup>. This committee prepared and, at the beginning of December, 1872, issued a prospectus of the Co-operative Mining Society, Limited. Mr. Edward Lowther was appointed secretary, and, besides those already mentioned, as well as several other Newcastle men, there were on the committee seven men representing respectively the miners employed at the Dinnington, West Sleekburn, North Seaton, Coxlodge, Bebside, West Cramlington, and Cambois collieries<sup>2</sup>.

The society was registered under the Industrial Societies Act on January 8, 1873<sup>3</sup>. The shares were transferable, and of the value of £5 each. They were to have a first claim on the profits equal to 10 % per ann. After this claim was satisfied, a portion of the profits were to be devoted to the reserve fund, and the remainder was to be 'divided equally between labour, capital, and trade.' The promoters appealed for support 'from every class of the community.' They pointed out that 'coal-mining was a laborious and hazardous occupation, and should be well paid.' The prospectus went on to say :

'To give the miner the fruit of his skill, economy, and care in production is nothing more than the barest justice. In certain co-partnerships of labour this has been done with very good results, both in economy of time and material. But what is wanted is, that the miner shall feel that the pit in which he works is his own; and in order to this, it must be open to him, if he chooses, to invest all his earnings there. To this end, the miners of Northumberland and Durham have resolved to have collieries of their own. . . . It is intended that every worker shall be a member. One of the objects of the society will be the erection of roomy, airy, well-ventilated dwellings; and powers have been taken in the rules to enable the society to do this.'

Speaking of the capitalist, the prospectus said : 'Conflicts between capital and labour are costly, destructive, and

<sup>1</sup> *Co-operative News*, vol. ii. p. 543.

<sup>2</sup> *Ibid.*, p. 627.

<sup>3</sup> Registrar's Returns, 1873, p. 68.

wasteful. In this society such conflicts will be impossible, and capital, if it has not so large a dividend, will have better security and fewer risks.' And, speaking of the third party in the proposed profit-sharing arrangement, it said: 'In the recent immense rise in the price of coal, the consumer has been the great sufferer. Everybody is a consumer of coal, and in dividing with every purchaser a portion of the profits, this society adopts a principle which recognizes a harmony of interests, and which, it is hoped, may promote a greater kindliness of feeling.' The prospectus concluded by urging that 'every miner should make it a point of honour and of duty to take up at least one share. In no other way can he so well contribute to the elevation and enfranchisement of labour <sup>1</sup>.'

At a further public meeting, held at the Mechanics' Institute, Newcastle, on December 21, 1872, it was explained that subscribers would be allowed 18 months in which to pay their subscriptions; it was pointed out that great indirect benefit would accrue to the miners, for the co-operative colliery would enable the men to show the private coal-owners that 'mining can be conducted without such an amount of danger to life and limb as obtains at present.' A unanimous resolution was passed at this meeting, recommending the miners at each colliery to appoint two of their number to receive subscriptions <sup>2</sup>.

The society was vigorously pushed forward. It was asserted that its 'intention was, and still is, to have collieries in each mining district, and thus afford the workmen the opportunity of ascertaining the real value of their labour <sup>3</sup>.' By March, 1873, 1,300 shares had been taken up <sup>4</sup>. Speaking at a meeting in London, on behalf of the society, Dr. Rutherford, who was the president, said they had held 'no less than sixty committee meetings' since they started, for which the 'committee had not received a penny';

<sup>1</sup> *Co-operative News*, vol. ii. p. 627.

<sup>3</sup> *Ibid.*, vol. iii. p. 568.

<sup>2</sup> *Ibid.*, p. 672.

<sup>4</sup> *Ibid.*, p. 101.

and 'he did not think £100 had been spent in printing the prospectus and rules, or for other expenses<sup>1</sup>.' Mr. G. B. Foster, of Backworth, was appointed mining engineer to the society, and advertisements were issued with the view of obtaining a suitable field for active operations<sup>2</sup>.

There was some delay in securing a coal estate, but after viewing a number of places that had been offered, the committee considered they had, in April, 1874, 'made a good start in the direction of coal-ownership by purchasing Monkwood, near Chesterfield. They had had to go rather far afield for their A pit, but it is believed that long before the society has exhausted the letters of the alphabet in naming their collieries, they will have obtained some hold on the northern coalfield.' The society purchased the colliery for £68,000. Mr. Lowther told me that there was also a minimum royalty rent of £2,000 a year. The purchase price was only for the workings, plant, machinery, coke ovens, &c. It

'had two working shafts and an upcast; the royalty was 400 acres, of which 324 acres yet remained unworked. The seam of coal was 30 fathoms below the surface, and . . . the average height of the seam was 4 ft. 8½ in. The coal was very clean, and of excellent quality, with a steady demand for it. The output at present is about 250 tons a day. . . . They had 84 coke ovens and a brickyard. They intended to commence making bricks at once. . . . There is a farm of 75 acres, which is part of the society's holding. As yet there are only about 250 men and boys employed. The existing accommodation for residence is thirty capital houses, having four rooms each, besides attic and cellar, and nine houses, equally good, except that they have no attic and no cellar. Between thirty and forty other houses are held on lease. . . . The Monkwood Colliery is now safely launched as an adventure, and already it is evident that it is to be a great success<sup>3</sup>.'

The expectations raised by this purchase had a great effect in stimulating the investors, and at the end of 1875 the

<sup>1</sup> *Co-operative News*, vol. iii. p. 312.

<sup>2</sup> *Ibid.*, p. 430.

<sup>3</sup> *Ibid.*, vol. iv. pp. 256, 289.

society numbered 2,163 members, with £35,796 of paid-up share capital, and £4,690 of loans<sup>1</sup>.

The purchase of Monkwood by the Mining Society was said to have 'nipped in the bud a threatened dispute, the whole of the workmen having been called together to hear its advantages explained.' Mr. Robert Stapleton, one of the committee, was at this meeting, which was held on Friday, April 3, 1874. Describing the scene, he said he never remembered being at such a meeting.

'The colliers, almost in the state of savages, met them on the pit hill at Monkwood. They had never heard of co-operation in any aspect; and as the plan was shown forth to them, their countenances gradually relaxed, and they saw there was something in the co-operative system which would raise them from their degradation, and exalt them somewhat in the social scale<sup>2</sup>.'

But, although the threatened dispute was averted, the workmen 'did not to any extent become members,' notwithstanding the efforts of the committee of the society to convince them 'that every worker there should be interested in the results of his daily work<sup>3</sup>.' Mr. Lowther thinks that not one of the miners became a shareholder.

I have had information supplied to me by several persons who were more or less interested in the Monkwood Colliery. The society worked the colliery for about two years; and Mr. E. Lowther, who was the secretary, has lent me a copy of the last balance sheet issued. It was for the year ending June 30, 1875. The sales of coal amounted to £20,344; and the total loss on the year's working was £11,010. The committee regretted 'having to communicate such an unfavourable state of affairs to the members;' but in reporting to the meeting of shareholders, held at Newcastle, on September 25, 1875, they said:

<sup>1</sup> Registrar's Returns, 1875, p. 34.

<sup>2</sup> Congress Report, 1874, pp. 181, 182.

<sup>3</sup> *Co-operative News*, vol. v. p. 192.

‘It has arisen from circumstances over which we have had no control. The output of the colliery has never been such as the committee were led to anticipate. This, with the consequent increased cost of production, and the unsatisfactory state in which the society found the colliery, has occasioned the loss.’

Shortly after this, the society fell into financial difficulties, and the officers saw little hope of carrying their enterprise to a successful issue. An extraordinary circumstance then became known. Dr. Rutherford and Mr. Walter Morrison had signed the lease and other documents on behalf of the society; the latter having been told by Dr. Rutherford that there was no personal risk. Trusting to this statement, and on this condition, Mr. Morrison signed the lease; but when the society got into difficulties, the lessor called on Mr. Morrison to carry out the terms of the covenants, claiming that he was personally liable. This turned out to be true. Mr. Morrison had thought that under the very worst circumstances, he could not be liable for more than £35,000. It appeared, however, that this was not so, and that his liability was unlimited. Finding himself caught, Mr. Morrison spent many months, first in seeing whether it was possible to work the colliery successfully; and finding that impossible, in getting out of the unfortunate dilemma to the best advantage. He sacrificed his own interest to the interests of the society and its bondholders; and was ultimately a loser to the extent of over £22,000. The winding-up was completed in 1877: the shareholders losing all their capital, and the bondholders obtaining about £1,200, which really belonged to Mr. Morrison; but he waived his claim to it in their favour.

At the final meeting of the shareholders of this unfortunate society, I believe that a full explanation was given of the circumstances connected with the negotiations for the purchase of the colliery. These negotiations were conducted by Dr. Rutherford (the chairman), and Mr. G. B. Foster (the mining engineer). But, while it is advisable, as a warning



for the future to say that many things were done that ought not to have been done, it is trenching on very delicate ground to go into details ; and it is therefore not advisable to do so. Mr. Lowther has told me that the coal was most costly to work, because there was a band of 10 or 12 inches of extremely hard stone right in the centre of the seam. Not only had this stone to be hewn, but the working of the under portion of the coal seam had to be done under such conditions as to make this portion of the coal almost worthless for the house coal market. Mr. Thomas Burt, writing to me in April, 1888, said :

‘ My impression is that the chief causes of the disaster at Monkwood were (1) that a great deal too much money was paid for it ; and (2) that it was bought at the worst possible time. The coal trade had reached its highest point, and the tide was just turning. A heavy ebb tide set in, which has been running swiftly ever since. One of the most eminent mining engineers in the country advised us. I believe, too, that he is a thoroughly honourable man, but he must have blundered egregiously.’

Mr. Lowther, in addition to supplying me with other facts, said : ‘ Great praise is due to the manly way in which the shareholders took the disaster. They never gave one bit of trouble, and were exceedingly sorry for Mr. Morrison in his great losses.’ And speaking of the latter, he said : ‘ Mr. Walter Morrison acted in the most noble and generous manner. He gave an enormous sum to help the committee in trying to avoid a failure ; and the thanks of co-operators are due to him for what he then did.’ Indirectly the Monkwood Colliery was the cause of the co-operative movement losing the services of Mr. Morrison. He took offence at Dr. Rutherford taking a prominent part in the Newcastle Congress, considering that it was an insult to himself. Of course, no such thing was intended ; but, although the Glasgow Congress, at the instance of the Central Board, passed a resolution on the subject, he

persisted in his opinion, and in consequence ceased his connexion with co-operation.

Through so many co-operative coal mining societies being started at about the same date, the Newcastle Coal Mining Society urged the necessity of not weakening the strength of co-operators by embarking in a number of enterprises, but to concentrate their strength on one at a time. Although this suggestion did not meet with very much favour from the promoters of the several efforts, the Halifax Congress of 1874 passed a resolution advocating the necessity of the coal societies acting 'together in co-operative union as opposed to competition<sup>1</sup>;' and at a special coal conference held at Leeds on May 16, 1874, it was unanimously resolved 'that it is desirable that the coal societies should be federated for joint action, and that it be recommended to the various boards to take the matter into consideration<sup>2</sup>.' No practical result, however, seems to have come out of the resolutions.

The Newcastle Mining Society succeeded better with their Scotch friends. In October, 1873, an 'Ayrshire Coal Mining Society' was started with £1 shares. It was 'got up by bona fide working men, chiefly engaged in the trade; but largely backed up by respectable working men of other trades, and in sympathy with the members of co-operative societies in the county of Ayr.' Mr. J. Borrowman was the provisional treasurer. After providing 10 % per ann. for share capital and for a reserve fund, the remaining profits were to be 'equally divided between capital, labour, and consumer;' and the promoters urged that 'wherever this has been partially adopted and carried out, the results have been of the most satisfactory nature. It puts an end to the oft-recurring feuds that take place between employers and their workmen, concentrates individual energy and carefulness, and thereby promotes the stability and prosperity of the undertaking<sup>3</sup>.'

<sup>1</sup> *Co-operative News*, vol. iv. p. 213.

<sup>2</sup> *Ibid.*, p. 278.

<sup>3</sup> *Ibid.*, vol. iii. p. 506.

As a result of communications with Newcastle, a conference of the supporters of this new venture was held at Kilmarnock, on November 13, 1873. The society had not been registered, but it had enrolled 53 members with £288 of share capital paid up. Mr. Borrowman urged on the conference to join their Newcastle brethren ; 'to link themselves in one united organization, was their best and surest policy.' Mr. John Allan supported the proposal, and Mr. Stapleton, representing the Northern Section of the Central Board, invited them 'on behalf of the miners of Northumberland and Durham' to unite their forces, as he 'believed they would thus have a fairer chance of success.' The following resolution was carried unanimously, 'That this conference, after hearing the various speakers to-night, recommend the miners of Ayrshire to join the United Miners' Association, as recommended by Mr. Stapleton'.<sup>1</sup>

An ambitious effort was made in Edinburgh, early in 1873, to float a Scottish Co-operative Coal Company, Limited, with £50,000 in £1 shares. The company proposed 'to sink mines, lease pits, and work them wherever it is found most advantageous to do so.' 10 % per ann. was to be paid on share capital ; after which, the company would 'divide the surplus profits equally amongst the consumers and shareholders, &c.'<sup>2</sup> I cannot find any traces of this company ever securing a colliery and working it.

Cumberland made two somewhat feeble attempts. In March 22, 1873, a numerously attended meeting was held at the Crown Hotel, Alston. The purpose was to form a co-operative society to get 'crow coal.' The shares were to be 5s. each, 'so as to bring them within the reach of the labouring classes.' An Alston Co-operative Coal Company was thus formed, and 'commenced operations at the Holyfield mine, the first cartload being presented to the oldest inhabitant.' The seam was close to the surface, but was 'only 18 inches or so in thickness'.<sup>3</sup>

<sup>1</sup> *Co-operative News*, vol. iii. p. 588.

<sup>2</sup> *Ibid.*, p. 316.

<sup>3</sup> *Ibid.*, pp. 171, 230.

Another small Cumberland venture was the Broughton Moor Co-operative Mining Society, which was registered on January 20, 1874<sup>1</sup>. They obtained a royalty at the village of Dean, and the first sod of the new colliery was cut by the wife of the royalty owner on January 12, 1874. 'The projected colliery' was 'the enterprise of a considerable number of working men<sup>2</sup>.' Both these efforts seem to have withered away almost as soon as they were started.

'A meeting of miners and representatives of several co-operative societies,' held at Masborough, on March 12, 1873, decided to establish the South Yorkshire Mining Co-operative Society, with a capital to be subscribed in £1 shares. 'After paying a fair interest on capital,' viz. 10 % per ann., 'the profits were to be divided between labour, capital, and consumer<sup>3</sup>.' The society was registered on July 21, 1873<sup>4</sup>. A similar project in Sheffield amalgamated with the South Yorkshire Society, 'mainly on the ground that it was in the hands of practical miners<sup>5</sup>.' The caution with which the committee went to work justified this confidence.

The first half-yearly meeting was held on Saturday, October 4, 1873, when the committee reported 'that a number of coalfields had been offered to the society,' but they did not think they had yet 'sufficient capital to justify them in closing with the owners<sup>6</sup>.' At the second half-yearly meeting it was again reported that 'a large number of coalfields and collieries have been offered and rejected from one cause or another. The committee had decided not to entertain a question of a going concern, on account of the very high prices asked, at which it would be almost impossible to make any profits in case prices for coals are reduced considerably.' They quoted the *Mining Journal* to fortify their opinion that prices of coal must come down,

<sup>1</sup> Registrar's Returns, 1874, p. 68.

<sup>2</sup> *Co-operative News*, vol. iv. p. 53.

<sup>3</sup> *Ibid.*, vol. iii. p. 124, and vol. iv. p. 323.

<sup>4</sup> Registrar's Returns, 1873, p. 69.

<sup>5</sup> *Co-operative News*, vol. iii. p. 409.

<sup>6</sup> *Ibid.*, pp. 506, 544.

and that in consequence 'we shall before long see not a few mines unable to pay any dividends. . . . Trade probably will be none the worse when coal mining comes back to something like its legitimate condition ; but before it does so, evidently a great deal of weeding will have to be performed<sup>1</sup>.'

At the half-yearly meeting held on September 26, 1874, the chairman announced that they had

'nearly completed arrangements for a lease ; and that by the course pursued by the committee in examining closely the various properties offered, and by their rejection, a very large sum had been saved the society, as we have found that during the past months owners have not known what to ask for their collieries ; but by patience they had succeeded in meeting with a royalty on reasonable terms.'

The royalty referred to was for 300 acres of High Hazel seam, 4 feet thick. The railway passed through the estate. The coal was 'equal to Silkstone.' It was only 80 yards down ; £20,000 would enable the society to raise about 600 to 700 tons a day. The royalty to be paid was moderate, and much less than 'we could have obtained twelve months ago<sup>2</sup>.' About this time, the society had a membership of 334, including twenty co-operative societies, and the paid-up share capital amounted to £3,443<sup>3</sup>.

The arrangements, as above reported, were never concluded. The committee and shareholders noticed the rapid changes for the worse in the condition of the coal markets. The society was consequently put into liquidation without starting business<sup>4</sup>, and Mr. Swann has informed me that every shareholder was paid 19s. 6d. in the pound.

The Leeds and Yorkshire Co-operative Coal Mining Company was registered at the latter end of 1872, under the Joint Stock Companies Act, with a capital of £100,000

<sup>1</sup> *Co-operative News*, vol. iv. p. 170.

<sup>2</sup> *Ibid.*, vol. v. p. 184.

<sup>3</sup> *Ibid.* p. 184, and Registrar's Returns, 1875, p. 62.

<sup>4</sup> Mr. John Shillito.

in 20,000 shares of £5 each. Its office was at Croft's Chambers, Leeds. They obtained 'about 500 members, of whom 100 were practical miners;' and 'about two-thirds of their capital was paid-up' in the course of the next twelve months. 'Not a shilling had been spent in promotion money beyond printing.' They had 'considered the coal question with a view of getting rid of the disputes of capital and labour;' and, first paying 10 % per ann. to the shareholders, they arranged for the apportionment of the profits as follows: after 'applying a sufficient sum for redemption of capital, and proving new coalfields, the remainder shall be divided equally per £1 on the annual earnings of the work-people, and per £1 value on the coal bought by the members; but no member to receive bonus upon more than £20 for coal bought in respect of each £5 share he holds<sup>1</sup>.' I have been informed that by 1876 the company had a paid-up share capital of £53,292.

The company leased a coalfield around the Lofthouse and Wrenthorpe railway station. They were to pay a royalty of £40 per acre of one foot in thickness, for the Middleton Main Coal, which was at a depth of 325 feet, or about equal to 8*d.* per ton. For the other workings, which were not so good, they were to pay £35 per acre, or just over 6*d.* per ton<sup>2</sup>. On this coalfield the company sank 'two of the finest shafts in the West Riding;' and put down excellent engines and machinery, including pumps of a capacity of '50,000 gallons of water per hour<sup>3</sup>.'

The bad times tried this company severely, although it was very strong financially, and had been very fortunate in the selection of its coalfield. In March, 1880, the company altered its articles, and changed its name to the Lofthouse Colliery Company. The secretary has told me that since then there have been no 'profit-sharing arrangements with the employes; as such provisions were eliminated when the

<sup>1</sup> *Co-operative News*, vol. ii. p. 581, and vol. iv. p. 278.

<sup>2</sup> *Ibid.*, vol. iii. p. 455.

<sup>3</sup> *Ibid.*, vol. iv. p. 278, and Congress Report, 1874, p. 2.

name of the company was changed.' He also added that 'the profit-sharing never came into force' with the Leeds and Yorkshire Co-operative Coal Company; because, I presume, no profits were realized. Mr. Shillito has informed me that since the concern became the Lofthouse Colliery Company, it has done remarkably well, paid good dividends, and is repaying its share capital.

The Leeds, Morley, and District Co-operative Coal Society was started at a meeting held at the British Workman, Morley, on November 12, 1872. 'Leeds, Wakefield, and Dewsbury are to be solicited to join in the movement, but Morley is to be the centre of operations. . . . A considerable number of shares were registered at the close of the meeting . . . 75 % per cent. being taken by working miners<sup>1</sup>.' The society was registered on December 28, 1872<sup>2</sup>. The shares were £1 each; and after paying a dividend of 10 % per ann. on share capital, depreciating plant and machinery 10 %, and allowing 2½ % for educational purposes, the surplus profits were to 'be divided—one-third to bonus on labour, one-third to purchase, and one-third to contingent fund<sup>3</sup>.' By March, 1873, seven societies had subscribed £4,350. There were, in addition, some loans, as well as the subscriptions of individual shareholders<sup>4</sup>.

At the end of March, 1873, the committee reported that they had 'agreed to purchase a pit at work at Wakefield.' The cost was £1,500, 'but the plant was so poor that at first they could only get about ten to twenty tons per week.' However, in May of the following year they had so improved it that 'they could get 600 tons per week from it<sup>5</sup>.'

In October, 1873, the society bought 32 acres of glebe land at St. John's, Wakefield, 'with the ungot minerals,' for

<sup>1</sup> *Co-operative News*, vol. ii. p. 582.

<sup>2</sup> Registrar's Returns, 1872, p. 67.

<sup>3</sup> *Co-operative News*, vol. ii. p. 616.

<sup>4</sup> *Ibid.*, vol. iii. p. 136.

<sup>5</sup> *Ibid.*, and vol. iv. p. 278.

£13,925; and a little later in the year they 'took on a long lease an extensive piece of land, part of the estate of Lord Cardigan, adjoining Lingwell Nook, estimated to contain 10,026,000 tons of coal; so that the society, when in full operation, will be able to supply almost any quantity of coal for a long period<sup>1</sup>.'

In 1875, the society came to grief, being 'broken down with the present fall in prices<sup>2</sup>.' Mr. Shillito informed me that 'the great drawback to it was that all the coal had to be carted to the railway trucks.' Mr. Shillito further informed me that

'when the society had to go into liquidation, a number of the shareholders bought the St. John's estate at cost price, and laid it out for building purposes at some expense. It was then sold, both by private contract, and by auction, with very profitable results. Each shareholder in the coal society, who joined in this second purchase, had a share allotted in proportion to the shares held in the coal society. The Halifax society had 2,000 one pound shares in the coal society, and received, for its share in the second operation, the sum of £6,500, thus making a profit of £4,500 by the transaction; and all the other shareholders who joined in the adventure, profited in like proportion. The liquidation of the coal society also yielded a small dividend to the shareholders.'

The Tipton Green Colliery Company, Limited, was an essentially Leeds undertaking, although it was situated 120 miles away from that city. In the first instance this colliery property was bought by a Mr. Sunderland, of Birmingham, and Mr. R. Carter, of Leeds; and when the crash came, accusations were made against the latter of having induced working men to invest their small, hardly-earned savings in the company. These two gentlemen obtained 1,000 £10 shares each for buying the estate and turning it over to the company<sup>3</sup>.

Notwithstanding certain extraordinary facts that became

<sup>1</sup> *Co-operative News*, vol. iii. pp. 506, 623.

<sup>2</sup> Congress Report, 1876, p. 20.

<sup>3</sup> *Co-operative News*, vol. vii. p. 477.



known when it was too late, 'a most promising report was made of the colliery by eminent experts,' and the Leeds society was induced, at a meeting held in January, 1874, by 'a majority of more than three-fourths,' to give the 'board power to invest £25,000' in shares of this colliery. A minority of the board were, however, 'against the decision of the meeting.' They said, 'there was no coal to get, and the water would drown them out.' In consequence, probably, of this difference of opinion, only £15,000 worth of shares were taken up, and with £10,500 paid up, the members of the Leeds society were gratified to see in their report for June, 1874, that the first half-year's working of the Tipton Green Colliery had resulted in a dividend of 10 %. 'They had made more, but prudently reserve it for contingencies,' and the directors of the Leeds society expressed their belief that there was 'every prospect of an increased profit in the future<sup>1</sup>.'

The company soon got into difficulties; and in September, 1875, a special meeting of the Leeds society was held in the Philosophical Hall, to consider the advisability of further helping the company. It was explained that the company's difficulties arose from attempting 'too great a work with too small a capital.' Then, again, the articles of association 'provided that a certain number of directors should have £1,200 a year amongst them.' Several of the directors of the Leeds society 'had visited the estate, and they were all of opinion that it was possible to redeem the company, and by vigorous working, to make it a profitable concern.' An amendment, moved by Mr. J. Handforth Richardson, that no more money be advanced, only received the support of about twenty persons, and a crowded meeting decided almost unanimously, 'amidst loud cheers, again and again repeated,' to authorize the 'directors to take such action as will in their judgment best secure the interests of the society<sup>2</sup>.'

<sup>1</sup> *Co-operative News*, vol. vii. p. 323, and vol. v. pp. 55, 1.

<sup>2</sup> *Ibid.*, vol. vi. p. 504, and vol. xxiii. p. 162.

At another meeting, held on November 19, 1875, 'after a protracted and animated discussion, the following resolution was passed: "That the society advance the sum of £10,000 on loan to the Tipton Green Colliery Company, on security<sup>1</sup>.'" This security was not forthcoming, so on May 31, 1876, another meeting of the Leeds society was held, when the directors recommended the loan of £6,000 only. It was stated that the Leeds society's share investment was one-third of the total share capital, so that, with the addition of the £20,000 of shares originally taken by the promoters, only another £10,000 of share capital had been obtained. The colliery had been flooded, but 'most of the water had now been got out.' The output of coal was about 800 tons a week; but four-fifths of this was 'slack,' the 'thick coal not yet being quite reached.' Ultimately it was agreed to 'advance money to meet the pressing demands of the Tipton Green Colliery Company, as these arise from time to time, the advance not to exceed in the aggregate £6,000. That the society be allowed 10 % interest; that the company make over to the society all profits until they amount to the total advances and interest; that the company should grant the society a second mortgage on the freehold and leasehold estates, that each shareholder holding £500 shares or upwards should execute a deed to the society, making himself responsible jointly and severally for the whole advance, and that the present loan- and bondholders undertake, so long as they receive interest on their loans, not to withdraw them until these advances are repaid<sup>2</sup>.'

When this £6,000 was nearly all spent, another special meeting of the Leeds society was called on September 4, 1876, 'to discuss the advisability of investing further capital in the Tipton Green Colliery.' Mr. Hanson (the manager) was of 'opinion that £3,000 or £4,000 more would be sufficient to put the concern into a paying condition.' It

<sup>1</sup> *Co-operative News*, vol. vi. p. 60.

<sup>2</sup> *Ibid.*, vol. vii. p. 324.

was stated that the promises of an increased output had been realized. 'During the last fortnight 2,113 tons of coal had been got out, which realized £607, the net result being a profit of £154. He (Mr. Hanson) believed that an output of 4,000 tons a week would last for five years.' Now that they 'had got to the ribs and pillars,' the colliery would pay.

At this meeting, it was stated that the colliery had been worked by different proprietors for 48 years. The chairman said, that

'they had always been led to look upon the colliery as a sort of El Dorado—a little gold mine. It had been represented to them that it was all solid coal, or at least all ribs and pillars. . . . But what were the facts? Instead of there being ribs and pillars to get, it turned out that in that particular quarter, the coal had been worked at least twice, and sometimes three times, already.'

The secretary (Mr. Swallow) added to this, by saying, that 'he could not have believed that any set of men could have been so deceived as to buy what was never in existence.' Mr. Thomas told the meeting that 'when the Leeds society voted the £15,000 it was well understood that there was no other money wherewith to work the concern; and Mr. Wilberforce expressed an emphatic opinion that 'the men who led them into the undertaking had themselves had no confidence in it.' The result of this meeting was that on the motion of Mr. Richardson, seconded by Mr. Wilberforce, a resolution was carried by a large majority, to 'invest no more money' in the colliery, although, as the seconder said, it meant 'that they deliberately lost £19,000' by doing so<sup>1</sup>.

In consequence of this resolution, the company went into liquidation; and it was finally wound up on May 30, 1883, when a first, and final, dividend to creditors of 10½*d.* in the pound was declared. 'There being a small surplus left,

<sup>1</sup> *Co-operative News*, vol. vii. p. 477.

a portion of it was presented to the liquidator, and the remainder was granted to the small loanholders<sup>1</sup>.

Early in 1875, the South Yorkshire and North Derbyshire Miners' Association purchased the Shirland Colliery, near Alfreton, Derbyshire, 'for the sum of £69,000<sup>2</sup>.' According to Mr. John Holmes, who was managing director during the latter portion of the mining company's life, the colliery was 'to be managed on the true co-operative principle, viz. for labour to find capital, take profits, and to divide profits with the operative labourers.' He then explained that

'after acting first, and paying £10,000 as a deposit, they (the miners) began to consult, and they asked Messrs. Mundella and Macdonald, M.P.'s, Messrs. Moore and Clegg, of Sheffield, and myself, to join them as hon. directors, and to advise and guide them in the financial and commercial department. Of course I joined with these other gentlemen, and with four practical operatives, to form a board, who soon found a difficult task before them. With heavy purchase price, inflated wages standard, and declining markets, and with an untried team, working to a loss for the first six months, what else could be expected?' 'But,' he added, 'while not sanguine for the present, and for some time to come, we are well satisfied there is a glorious future before us<sup>3</sup>.'

In the opinion of Mr. C. Markham, the head of the Claycross Coal and Iron Company, Shirland possessed 'some advantages on account of the good quality of the coal, and from the reduced rates of carriage from proximity to the rails<sup>4</sup>.' The terms of payment were £5,000 every six months until the whole was paid. The Miners' Association actually paid £25,000 of the purchase money, and supplied £5,600 for working expenses. In addition to this, £47,000 was raised on debentures, issued to the public at 5 % and 6 % interest. There were two pits, the Blackshale and the Tupton. It was asserted that 'the Tupton coal has

<sup>1</sup> *Co-operative News*, vol. xiv. p. 510.

<sup>3</sup> *Ibid.*, p. 167.

<sup>2</sup> *Ibid.*, vol. vii. p. 476.

<sup>4</sup> *Ibid.*, p. 323.

generally cost more to get than it realized in the market,' while 'the Blackshale has been fairly remunerative <sup>1</sup>.'

As far as appears from his own statements, Mr. Holmes made strenuous efforts to promote the success of the colliery. Of the employés he said :

'The workers themselves, instead of working heartily with the directors, place difficulties in their way. They grumble and combine against necessary arrangements, and they combine and grumble to take terms of working common in the district and essential to making the concern pay.'

On another occasion he stated that

'to go to a place and preach up the mutual relations of capital and labour, when the mutual has been, like the Irish say, all on one side, and to go and teach, or rather, tell of a co-operative colliery to a class of men who don't know what co-operation is, who never knew of its working, and who never received a bonus, is just like "words, words," were to Horatio. At Shirland, the men do not know the principles of co-operation, nor do they believe in its benefits to them. It is something offered to, but not evolved from them. They did not ask for it, nor do some of them desire it <sup>2</sup>.'

To the capitalists, co-operative or otherwise, Mr. Holmes said : 'There are most tempting openings out to profit for some £20,000 or £30,000. With this sum a new estate and new workings, which mean wealth untold, and a model co-operative village of good houses, are practicable <sup>3</sup>.' This appeal, as well as an appeal to co-operative societies for trade, had no effect. He complained of the latter that they declined to support the colliery for 'queer reasons.' Some because 'they are already fixed, and unless we can do better it is of no use.' Others because 'the committee fear the coal will not please their members ;' and again of others because 'some will have the coal in large lumps, although they have to break it up ; and others will have it to 'crosil ;' and others won't have it unless it 'burns down.' 'Well,' he

<sup>1</sup> *Co-operative News*, vol. vii. pp. 533, 689.

<sup>2</sup> *Ibid.*, pp. 167, 288.

<sup>3</sup> *Ibid.*, p. 167.

said, very philosophically, 'the coal is as it is, and won't alter to please us;' and then he somewhat ambiguously finished :

'Fearful co-ops., fresh courage take,  
The coals ye so much dread  
Are big with heating, and will break  
In profits on your head<sup>1</sup>.'

Getting short of cash, a miners' delegate meeting was called and held in Sheffield, on Tuesday, August 22, 1876, when Mr. Holmes reported

'that a large amount of further capital would be required ; and it was suggested that all the lodges should subscribe 6*d.* per member to enable operations to be continued. . . . Unless additional capital to a large extent is forthcoming, the colliery cannot be continued. . . . The prospects of the concern are very gloomy, as the union has been disorganized and disunited since the great strike of a few months ago<sup>2</sup>.'

A second meeting was held at Barnsley, on September 4, 1876, at which 'delegates representing about 100 lodges' were present. Mr. Holmes 'stated that the concern could not be carried on any longer, unless the miners subscribed £5,000 more. The delegates present declined to recommend those they represented to subscribe any more money.' It was asserted, 'that all the value of coal taken from the pit had been required to pay wages<sup>3</sup>.'

In consequence of the resolution of the Barnsley meeting, the miners were discharged, and the pit left idle for a short time ; but, at the latter end of September the bondholders took possession ; a Mr. Smith (of Derby) advanced £10,000 on their behalf to work the concern, and the Miners' Association lost the whole of the capital they had invested<sup>4</sup>.

Another section of miners were interested in the West Yorkshire and North Staffordshire Co-operative Coal Mining and Building Society, of Market Street, Wakefield, which was registered under the Industrial Societies Act, on

<sup>1</sup> *Co-operative News*, vol. vii. p. 323.

<sup>3</sup> *Ibid.*, p. 476.

<sup>2</sup> *Ibid.*, p. 454.

<sup>4</sup> *Ibid.*, p. 689.

April 22, 1874<sup>1</sup>. Shares were said to have been taken up freely, and a colliery at Halmerend was obtained in September, 1874. It was asserted by the *Potteries Examiner* that

‘the venture is not merely a safe one; it is a splendid opportunity, which has been wisely embraced. We have no hesitation in strongly urging the whole of the miners’ lodges in the district to invest a portion of their funds; and those individual miners also who have had thrift and forethought will do well to take up a few shares; for we have been credibly informed that the colliery is a more valuable property than the Northumberland and South Yorkshire miners have purchased for a much larger sum<sup>2</sup>.’

I cannot trace this society any further, for, notwithstanding its glowing prospects, it never figured in the Registrar’s returns beyond being registered.

The Derbyshire and Nottinghamshire Co-operative Mining Society was registered on February 13, 1875, with its office at Ripley<sup>3</sup>. This society bought an estate of 104 acres of freehold land, containing both coal and clay, for £25,385. Of this amount, £7,255 was paid at once, £8,000 had to be paid in September, 1878, and £10,000 was to remain for an indefinite time on mortgage at 4½ % interest. The estate was situated at Stanley Hall, about six miles from Derby and Ripley, and three miles from Ilkeston. There were three beds of coal; one at 50 yards depth and 3ft. 6in. thick, one 7 yards lower 2ft. 3in. thick, and ‘the famous Kilburn, 5ft. thick,’ at a depth of 250 yards. The total quantity of coal in the estate was estimated at 1,780,000 tons<sup>4</sup>. The society speedily got to work at brickmaking; a shaft was sunk; and, at the end of 1875 it had 458 members, £6,684 of share capital, and £19,685 of loans. It had sold goods to the value of £972, and it had paid a dividend amounting to £467<sup>5</sup>.

Registrar’s Returns, 1874, p. 69.

*Co-operative News*, vol. v. p. 128.

Registrar’s Returns, 1878, p. 34.

*Co-operative News*, vol. viii. p. 419.

Registrar’s Returns, 1875, p. 10.

The society ultimately sank two shafts to the two upper coalbeds, and worked the colliery up to about the end of 1877. Unfortunately, there was neither rail nor tramway communication to the pit, and this very much handicapped the society. When the coal 'had to be carted to a distance, the increased cost prevented them competing with other collieries.' Difficulties crowded on the society in consequence, and being short of capital, they tried, at a conference held at Nottingham on July 28, 1877, to interest the co-operative societies<sup>1</sup>. This attempt failed, the society went into liquidation, and was dissolved in 1878<sup>2</sup>.

The Eccleshill Coal Company, Limited, was registered in April, 1872. 'At this time, there were only seven shareholders, with a paid-up capital of £4,000;' so that it was really a small private association. 'Being small and short of capital,' it offered, in December, 1872, to the Over Darwen Co-operative Society the opportunity of becoming a shareholder. As there was 'at this date considerable discussion among co-operative societies about the wisdom and necessity of commencing coal mining, the members decided to accept the offer, and invest £2,000, and also to sell the coal through the society to themselves.' 'Each of the seven shareholders at the same time agreed to double' the amount of capital held by them, thus raising the total share capital subscribed and paid-up to £10,000. 'Other shafts were then sunk, existing pits further opened out, and arrangements made for a much larger trade'<sup>3</sup>.

These efforts met with immediate success; and the dividend for the half-year ending December, 1873, was at the rate of 20 % per ann.<sup>4</sup> Encouraged by this, it was determined to allot the remainder of the unissued shares, each of the existing shareholders taking 'twice as many shares as he then held,' thus making the total capital

<sup>1</sup> *Co-operative News*, vol. viii. pp. 419, 420.

<sup>2</sup> Registrar's Returns, 1878, p. 34.

<sup>3</sup> *Co-operative News*, vol. x. pp. 90, 179, and vol. iii. p. 42.

<sup>4</sup> *Ibid.*, vol. iv. p. 40.



£30,000. 'The lot which fell to the Darwen store, viz. £4,000 worth, was sold by the store to its own members to the highest bidders, at a meeting held in the store. By this means the company became a more public one, about 150 members being added to the list<sup>1</sup>;' and the other shareholders also disposed of some of their shares.

The profit for the first half of 1874 only enabled a dividend to be declared at the rate of 10 % per ann., as there had been a strike, which at the end of the half-year was not settled<sup>2</sup>. Notwithstanding this drawback the company continued to prosper, and the next dividend was at the rate of 16 % per ann., while the shares were 'easily sold at 15 to 20 % premium.' The company went on sinking 'its new pit, opening out the workings, laying down tramways, and erecting coke ovens.' Indeed, 'so valuable was the property considered, that in a dispute with a neighbouring colliery owner, which was referred to arbitration, the Eccles-hill Company accepted the alternative award, and agreed to pay £8,000 for his colliery and works<sup>3</sup>.'

While the new share capital was being paid up, the directors resorted to the familiar process of obtaining an overdraft from their bankers, the Co-operative Wholesale Society. This amounted, by the end of 1875, to about £7,500; and in December, 1876, the Rawtenstall Co-operative Society and the Wholesale Society became joint mortgagees, the former for £2,000, and the latter for a sum not exceeding £10,000<sup>4</sup>.

The decline in the price of coal put a stop to the dividend-earning power of the company. In 1876, there was a strike of the miners, 'which lasted 14 weeks.' This strike was against a reduction of wages, and what with 'the loss of output, and the workings becoming flooded with water,' the money loss to the company was nearly £5,000. In July, 1876, the output of the mines was about 600 tons per week;

<sup>1</sup> *Co-operative News*, vol. x. p. 90.

<sup>2</sup> *Ibid.*, vol. x. p. 90.

<sup>3</sup> *Ibid.*, vol. v. p. 122.

<sup>4</sup> *Ibid.*, pp. 179, 180.

and two experts who inspected the mines, could not agree within 1s. per ton as to the cost of getting the coal. They, however, agreed that the property would be exhausted in 12 years, if the coal were obtained at the rate of 1,000 tons per week<sup>1</sup>. The probable cause of the difference of opinion of the two experts, was the cost of pumping and the inferior character of some of the coal; it being asserted, that at one pit it kept two engines pumping water to one engine winding coal; while 'about one quarter of the stuff brought up was stone<sup>2</sup>.'

The company continued its operations until May 2, 1877, but the losses sustained by the strike, aggravated by the reduced prices of coal, caused the shareholders to then determine to go into voluntary liquidation. Two attempts were made by the liquidators to sell the collieries, without success; and in August, 1878, the Co-operative Wholesale Society engaged 'a mining engineer to report to them as to the feasibility of working the mines to a profit. His report was condemnatory of the whole property, and said it never could be profitably worked with the heavy rents attached.' In consequence of this report, the mortgagees 'agreed to relinquish their mortgage to the liquidators, in exchange for some of the saleable plant above ground.' This arrangement brought the mortgagees into conflict with one of the royalty owners; and, in consequence of an error of judgement of a barrister engaged in the case, it was only settled by the mortgagees at a further considerable sacrifice.

At the time of the stoppage of the Eccleshill Company, the plant had cost £29,745, of which £2,100 had been written off by depreciation; and the total balance of loss against the company was £4,331. All the £30,000 of share capital was lost; but, while 'all the trade creditors and unsecured loan holders' were paid in full, the two societies, which were supposed to be secured, lost about £12,000<sup>3</sup>.

<sup>1</sup> *Co-operative News*, vol. x pp. 90, 179, 180.

<sup>2</sup> *Ibid.*, vol. xii. p. 422.

<sup>3</sup> *Ibid.*, vol. x. pp. 90, 179, 180, and vol. xi. p. 600.

Another Darwen enterprise requires mentioning, because it was for some years in the hands of the Co-operative Wholesale Society, and was worked by that society; viz. the Spring Vale Colliery Company, which was originally 'composed of but a comparatively limited number of shareholders, the shares being £50 each<sup>1</sup>.'

'The property was bought by the company from Mr. P. Graham, with the right to get the coal from 8 acres of land, for £8,000, the coal to be got in 14 years. It was afterwards arranged that the time should be extended to 28 years.' The coal seam was 18 inches thick, and there was also a bed of fire-clay, for which it was 'arranged to pay an additional £70 a year.' The purchase price of the coal had 'to be paid at the rate of £1,000 a year.' The purchasers 'must have had an idea that coal would continue to rule high,' for the cost was equal to a royalty for the coal of '2s. 6d. per ton,' and for the clay of '3½d. per ton<sup>2</sup>.'

Shortly after the company purchased the colliery, they applied to the Wholesale Society for an overdraft of £1,000 on the security of their deeds, which was granted. A collateral security, which subsequently turned out to be worthless, was also given. 'In consequence of repeated applications to assist the company to pay the periodical instalments' of the purchase money being acceded to, 'the Wholesale's advances had increased so much, that they would not advance any more.' At the time this decision was come to, the amount paid off the '£8,000 was about £3,500;' the overdraft was £4,809; the total expended on the colliery amounted to about £11,000; and the paid-up share capital of the company was £7,400<sup>3</sup>.

The result of the decision above referred to was, that in March, 1880, the directors of the Wholesale Society reported that 'the security held by this society on the Spring Vale

<sup>1</sup> *Co-operative News*, vol. v. p. 122.

<sup>2</sup> *Ibid.*, vol. xi. p. 559, and vol. xii. p. 422.

<sup>3</sup> *Ibid.*, vol. xi. p. 166, and vol. xii. p. 422.

Colliery has fallen into its possession. Your committee have determined to work the colliery and brick plant for the present, and we believe that this can be done to a profit when the estate is restored to its usual working condition.' At the shareholders' meeting, it was said on behalf of the committee, that 'in the opinion of practical men, the Spring Vale Colliery was a good investment; and they believed they would get their money back.' Little or no coal was sold. Most of it was used in the brickmaking department<sup>1</sup>.

The result of the first quarter's working by the Wholesale Society was a loss of £167, which was attributed to the fact that 'the coal trade still continued depressed, lower prices than ever having to be accepted to effect sales;' while 'the iron trade, on which the brick department of Spring Vale Works mainly depends, is also very depressed.' At the meeting where this report, and a still worse one concerning another colliery, was presented, the chairman tried to cheer the delegates by saying that

'There is a tide in the affairs of men,  
Which, taken at the flood, leads on to fortune.'

And 'he hoped this favourable tide would soon enable them to float away these impediments to progress<sup>2</sup>.'

Notwithstanding the hopes and efforts of the Wholesale Society's committee, the colliery and brickfield kept making losses, owing to bad trade and other causes. In June, 1882, a change of management was tried, and with that change came a change, to some extent, in the articles produced; but the result was still the same; and at last, a final reason was given for non-success, besides depressed trade—viz. that the plant was not sufficiently good to do the work economically. In March, 1883, the colliery, brickfield, plant, and stock, were sold for £1,700; leaving a total loss to the Wholesale Society, through the original overdraft, the pay-

<sup>1</sup> *Co-operative News*, vol. xi. pp. 161, 162 and 813.

<sup>2</sup> *Ibid.*, pp. 598, 599.

ment of the balance of the purchase money, and the continued losses of working the concern, of about £9,000<sup>1</sup>. This 'impediment to progress' was swept away by the profits of the trading departments of the Wholesale.

On Saturday, August 2, 1873, 'a meeting of delegates from various societies was held at the central stores of the Manchester Equitable Society, to take into consideration the advisability of taking some united action for securing a needful supply of coal from existing collieries, or by means of that co-operative enterprise which has so successfully promoted and carried on many other productive undertakings, to purchase and work a colliery, or collieries, for mutual benefit.' This meeting appointed a committee of seven persons 'to inquire into the propriety of embarking in the coal business,' and the persons appointed to form this committee, were the representatives respectively of the societies at Bacup, Bury, Eccles, Failsworth, Heywood, Manchester, and Rochdale<sup>2</sup>.

This committee reported to another meeting, held at the same place as the previous one, on September 20, 1873. The chairman (Mr. R. Barker) supplemented the report with a statement. They suggested 'four sources of supply, so as to provide for customers in every direction in the four counties of Lancashire, Yorkshire, Cheshire, and Derbyshire.' They pointed out that 'there were some important considerations in relation to prices which must be taken into account. If present prices were to go down soon, and they purchased a mine, loss must ensue, as they would have to buy at present prices; but, if prices were likely to keep up, say for three years, substantial profits might be secured.' The chairman 'had not met any person who thought prices were likely to go down for a long time to come; while some people were of opinion they never would be so low again as they had been.' It was unanimously decided to form

<sup>1</sup> *Co-operative News*, vol. xii. pp. 601, 818; vol. xiii. pp. 150, 393, 604 and 821; vol. xiv. pp. 192, 512.

<sup>2</sup> *Ibid.*, vol. iii. pp. 395, 396.

a society to be registered under the Industrial Societies Act<sup>1</sup>.

Acting on this resolution, a prospectus of the United Coal Mining Society was issued in November, 1873. It was to be 'a federation of co-operative societies and co-operative mills, as well as of individual shareholders.' The shares were to be £5 each, payable in instalments of 5s. per month; and the first issue was to be 20,000 shares. The profits were to 'be divided, in the first place, by paying the capital invested 10 % per ann. The remaining net profits to be divided between capital invested, and the amount paid for coal by shareholders<sup>2</sup>.' The society was registered on January 26, 1874<sup>3</sup>.

In June, 1874, the society 'secured an extensive and valuable field of coal within 11 miles of Manchester. The London and North-Western Railway runs through the property.' The following, among other information, was supplied to the shareholders. In the Bugle Horn Colliery, as the property was named,

'there are the following five seams of coal: The Bin Mine, the Crombroke, the Brassey, the Six-feet, and the Great Mine, or seven-feet; the total thickness of coal in all the seams being from 20 to 30 feet. It has been reported upon by our mining engineers as second to none in Lancashire; and, having been fully proved, the risks accompanying such ventures are very much reduced. . . . The take is in two lots—one of 44 Cheshire acres from one owner, and the other of 20 Cheshire acres from another owner, who have disposed of their interest in the same to this society for the sum of £5,000. The leases have a term of 35 years to run. . . . The royalty upon the whole field averages 10d. per ton; which, with the purchase price, makes a total royalty of 10½d. per ton. . . . The outlay necessary to place the field in thorough working order, including the purchase money, £2,000 for contingencies, and £2,000 for interest, will, on an outside estimate, not exceed £27,000.' After providing 'for two shafts, two engines, boilers, and the requisite

<sup>1</sup> *Co-operative News*, p. 479.

<sup>2</sup> *Ibid.*, p. 595.

<sup>3</sup> Registrar's Returns, 1874, p. 69.

plant, the committee expect that in about eighteen months they will be able to supply both house fire and engine coal<sup>1</sup>.

'The committee anticipate that not less than 100,000 tons per ann. will be raised from the two pits intended to be sunk; and taking the price of house coal at 12s. 6d. per ton at the pit bank, and engine coal at 7s. 6d. per ton at the pit bank, the result will leave a handsome profit to the society. A series of calculations have been gone into, the correctness of which has been examined and confirmed by two mining engineers, and, after providing for interest on capital at the rate of 10 %, for wear and tear at the same rate, for royalty and purchase money, and for the ordinary contingencies of coal mining, and after leaving an ample margin for contingencies and a reserve fund, show that there will, in all probability, be a profit to divide between the capital of the society and the customers of at least 25 % per ann. The property has been purchased at a very moderate rate; and the excessive cost arising from the excitement in the coal trade has been avoided<sup>2</sup>.'

At the end of 1874, the society had 66 members; and at the end of 1875, it had 130. At this latter date, the paid-up shares amounted to £12,017, and the loans to £517. Sales had been made during the year to the amount of £6,267; the total assets were £35,956, and the total liabilities £37,338; leaving a deficiency of £1,432<sup>3</sup>.

Reporting to the half-yearly meeting held on February 5, 1876, the committee said:

'Immediately after this society had taken possession of the colliery, a period of deficient demand for some kinds of coal appears to have set in, and this society found itself, upon taking over the colliery, without orders, and it had to make a trade connexion. But during the months of October, November, and December, the demand for house coal and engine slack was nearly double the output. A serious cost was also incurred in the working of the colliery, from the fact that it had to be taken over as a working concern, with a complete permanent staff, which had to be maintained with so small an output'

as that shown, of about 300 tons a month in July and August,

<sup>1</sup> *Co-operative News*, vol. iv. p. 341, and vol. v. pp. 71, 116.

<sup>2</sup> *Ibid.*, vol. v. pp. 71, 116.

<sup>3</sup> Registrar's Returns, 1875, p. 26.

and of 600 to 800 tons in each of the last three months of 1875. Further, the underground works were only

‘partially opened out, requiring the gradual and persistent working of months to come before the most advantageous get of coal can be obtained. . . . The subscribing societies absorb the whole present output of house coal, and are prepared to take a much larger quantity than we can at present deliver<sup>1</sup>.’

At the half-yearly meeting held in August, 1876, it was stated that the average output for the six months had been 627 tons per week, while the value ‘of 3,100 tons per week was required to cover expenses.’ Owing to ‘the great depression of trade the sale of engine coal’ was very limited. Capital was badly wanted, 29 shares only having been taken up during the half-year. The Co-operative Wholesale Society had been asked, but the shareholders had declined to take up some shares. Pressed by the extreme urgency of obtaining more capital, it was resolved ‘that the committee of the United Coal Mining Society have power to effect a mortgage for the amount required to meet the claims of the vendor, the bank, and for the further development of the colliery<sup>2</sup>.’

In consequence of the above resolution, the Bolton and the Co-operative Wholesale Societies became joint mortgagees for sums of £10,500 each, or a total of £21,000<sup>3</sup>. Thus armed with additional means, the Coal Society persevered, but with little or no success. Nominally, they succeeded occasionally in making a small profit; but to do this, they charged to Plant account such items as £3,000—being the cost of getting through ‘a fault’—and other items for work, which one of the auditors thought ought to be cleared off very much more rapidly. The discussion of these differences caused the shareholders to decide that, ‘for the present,’ £500 per half-year should be devoted to depreciation; but this, as far as I can now judge, was inadequate to meet the real requirements of the case<sup>4</sup>.

<sup>1</sup> *Co-operative News*, vol. vii. p. 76.

<sup>2</sup> *Ibid.*, pp. 155, 169 and 453.

<sup>3</sup> *Ibid.*, vol. viii. p. 594.

<sup>4</sup> *Ibid.*, pp. 124, 447.



In June, 1887, the output had been gradually increased to 1,200 tons per week ; and it was said that 'an additional demand for 300 tons of house coal per week would enable the directors to work the colliery without loss<sup>1</sup>.' But, according to the committee's report, a strike directly after 'had a seriously injurious effect upon the trade. It drove the shipping orders to ports distant from this district ; and the competition of low prices by which colliery proprietors elsewhere have tried to retain, and those about us and ourselves have tried to win that business back again, has made it impossible to obtain paying prices for the portion of our output so disposed of ; and which portion is, unfortunately, very large<sup>2</sup>.' The difference in home prices was also great ; for, 'by a circular issued by the society to its expected customers, bearing date June 25, 1875, it appears that the prices at the pit mouth then were, for best house coal 11s., for seconds house coal 10s., and for slack 4s. 9d. per ton.' But, in September, 1877, 'only about 9s., 6s., and 4s. 6d. per ton respectively' could be obtained. In the interval, too, the quality of the coal had improved ; 'at the outset the house coal did not give satisfaction,' though it did so in 1877. 'A customer not far from Manchester had effected a saving of two loads in the year since using the Bugle Horn coal. The farther they went into the mine they found the coal vastly improved.' Mr. Marland, of the Star Corn Mill, confirmed this. He said, 'since they had begun to use it their consumption had greatly diminished, and in that way it had been a great economy to them<sup>3</sup>.'

The balance to debit of profit and loss account at midsummer amounted to £2,977 ; but this sum had been run up partly through the society's practice of crediting shares with 5 % interest, in the same manner as is usually done by the distributive societies. Capital was again running short. An account with the 'Wholesale' bank, which might,

*Co-operative News*, vol. viii. p. 347.

<sup>2</sup> *Ibid.*, vol. ix. p. 139.

<sup>3</sup> *Ibid.*, vol. viii. pp. 484, 485.

according to agreement, be overdrawn by £3,000, had been drawn upon to the extent of over £6,900; and the directors of the Wholesale Society were insisting on the repayment of the amount. One way or another, the Coal Society had expended a total sum of £46,618. An effort was made to get preference share capital; and Mr. E. V. Neale, writing in favour of the society, calculated that the coal in the mine at the current prices was worth £630,000. Taking 30 years to get it, he estimated the cost of mining the coal at £450,000; and, after providing for contingencies, he estimated that there would be a surplus profit of £147,000, after repaying share and loan capital; or equal to 7 % per ann. additional on the whole of the capital during the term, and to more than 10 % additional on share capital only<sup>1</sup>.

The last half of 1887 showed a further loss of £806. It was explained that there had been a 'diminution of sales, chiefly due to the fact that the committee has been disinclined to increase the output at the cost of lowering the price to the rates obtainable for coals when sold for shipping purposes.' The three-feet mine had been closed, and Messrs. Sowerbutts and Yates (the secretary and manager) had resigned. The latter had done so on account of 'the uncertainty of his position consequent upon the indifference which he believed to be manifested by the shareholders,' the attempt to get preference share capital having been a failure; and the secretary explained that 'his resignation was one of pounds, shillings, and pence. He could not afford to give the time for the remuneration the society could afford to give.'<sup>2</sup>

In consequence of their desperate financial straits, the society decided, on April 20, 1878, to go into voluntary liquidation; and the Bolton and Co-operative Wholesale Societies took possession of the colliery as mortgagees<sup>3</sup>. At a meeting of the shareholders of the United Coal Society,

<sup>1</sup> *Co-operative News*, vol. viii. pp. 450, 594.

<sup>3</sup> *Ibid.*, pp. 253, 276.

<sup>2</sup> *Ibid.*, vol. ix. p. 139.

held in September, 1879, a statement was given which showed a possible dividend of 4*d.* in the pound; but I do not know whether they ever got even this small amount returned to them<sup>1</sup>.

The Wholesale Society agreed with the Bolton Society to work the colliery until a sale could be effected; on the understanding that the latter society shared neither losses nor profits. On April 22, 1879, a sale was effected for £2,000, the loose plant to be taken at a valuation; but, the purchaser failing to pay the money, the sale became void; and it was not until March, 1882, that the mortgagees succeeded in disposing of the property<sup>2</sup>.

In the meantime, the colliery was kept working with an almost unbroken succession of losses to the Wholesale Society, which, at the end of 1881 and beginning of 1882, were aggravated by a strike of the miners for an advance of 10 % in their wages. The Wholesale had agreed to give the advance; but the Union would not allow the men to work, until the strike against the other employers had ended. The colliers were ultimately defeated by the employers.

The sale of the colliery realized £1,500, which was increased by the valuation of loose plant, &c., to £6,081. The loss of the Bolton Society was over £12,000, and of the Wholesale Society about £20,000<sup>3</sup>.

A series of such heavy losses as those incurred by the Wholesale Society through making advances on collieries, ironworks, &c., led to considerable discussions at their shareholders' meetings, and to several special committees of inquiry; the result being, that everybody felt that the Wholesale had suffered through a general over-confidence on the part of the great body of co-operators, and not through any want of care on the part of its directors. The mingled feelings of dismay, regret, philosophical resignation, and confidence in the future, were fairly expressed in some lines

<sup>1</sup> *Co-operative News*, vol. x. p. 605.

<sup>2</sup> *Ibid.*, p. 280, and vol. xiii. p. 137.

<sup>3</sup> *Ibid.*, vol. xiii. pp. 100, 137, 393, 421 and 427.

published by the *News*, and purporting to be 'Fragments from the Tea-table.' I give the first and the two last verses as specimens :

'Oh, Bugle Horn! Oh, Bugle Horn!  
Much you've from our poor backs shorn,  
Money from our pockets torn.  
May you, then, in future warn  
Us such wretched schemes to scorn.

Hope and trust. Hope and trust.  
Lo, the chairman says we must.  
Work till we return to dust?  
Better so, than slowly rust,  
Or give way to money's lust.

Strong our faith. Co-operation  
Soon will make a happy nation,  
Show the way to all creation;  
Blessing many a struggling brother,  
Aiding us to help each other<sup>1</sup>.

<sup>1</sup> *Co-operative News*, vol. xi. p. 818.

## CHAPTER XXII.

### ASSOCIATIONS IN THE BUILDING AND ALLIED TRADES.

REFERENCE has already been made to the fact, that both the Co-operative Wholesale Society and the Scottish Wholesale Society have building departments for the erection of their own works. The former finished in the year 1891 the large corn mill on the Tyne, and the very extensive new boot works at Leicester; and at the end of September, 1891, was employing 304 workmen connected with the building trades. The latter had continued its building operations at Shieldhall, and a corn mill had been commenced near Edinburgh. On October 17, 1891, it was employing 173 men in this department<sup>1</sup>. The Leeds society also has a building department to erect its own shops, &c. During the last half of 1892 it employed 135 persons in this department, and paid wages to the amount of £5,211<sup>2</sup>. There may be other societies that have a special building staff for their own requirements, but I am not aware of them.

Of separate societies, this section opens with the Edinburgh Co-operative Building Company, Limited, which was registered in June, 1861, under the Joint Stock Companies Act, with a capital of £10,000 in £1 shares. In a little book called *Past and Present*, written by H. G. Reid in 1871, there is a most interesting account of the origin and early progress of this company; and in a letter to the London

<sup>1</sup> Wholesale Societies' *Annual*, 1892, pp. 6, 143.

<sup>2</sup> Leeds Society's Balance Sheet, December, 1892.

papers at the beginning of July, 1872, he gave, in a brief compass, the principal points in the company's history, as follows :

'Early in 1861, the Edinburgh building operatives, with the view of securing more leisure and improving their social conditions, resolved to obtain a change in their hours of labour, and, after giving proper notice to their employers, they asked or offered "nine hours' work for nine hours' pay." . . . The employers refused, alleging that the change would enhance the cost of production, by practically raising the rate of wages. . . . The men were in earnest, and then ensued a contest which lasted for three weary months. . . . Seldom has a trade dispute been entered upon under much more equitable conditions, or the relative strength of capital and labour been more fairly put to the test. Quietly and resolutely the workmen stood out for what they deemed to be their right, gradually reducing their numbers, and being enabled to allow the remainder from 10s. to 15s. per week, with the distinct avowal that it was essential to the preservation of their trade. . . . At the end of three months, the workmen received a note from the secretary of the Masters' Association, intimating that they did not consider it expedient to prolong the struggle.

'The nine hours' movement was thus established in the building trades of Edinburgh ; but the movement among the workmen did not end here. They had come to see that something better might have been done ; that the 10s. or 15s. paid weekly to each man for upholding, through idleness, the common cause might have been more advantageously employed ; that, in a word, the £4,000 or £6,000 expended might have done a two-fold work—maintained the struggle for a desirable end, and effected a social reform which, by providing properly constructed and healthily situated houses, would have rendered it possible for a portion of the newly-acquired leisure to be spent in a home life, possessing elements of comfort and happiness too often unattainable in the wretched workmen's dwellings which existed there, as in most other large towns<sup>1</sup>.

'I well remember the enthusiasm with which the proposal to establish a society for the erection of suitable dwellings on the co-operative principle was received<sup>2</sup>.' First, on an 'evening in the month of April, 1861, six or seven masons, plain but

<sup>1</sup> *Co-operative News*, vol. ii. p. 351.

<sup>2</sup> *Ibid.*

clear-headed and earnest men, met with a friend in a dingy room, down a dingy close. . . . There was long and anxious consultation.' Then 'at a general meeting of masons, held on April 17, 1861, . . . it was resolved to form a co-operative building company. . . . It was a bold, but not a reckless venture; decision was needed to meet the old enemies—ignorance or indifference of the multitude, and the hostility of a privileged and powerful class. . . . The amount actually subscribed at first was £25—certainly a very small beginning<sup>1</sup>.'

Through the exertions of Messrs. Stewart and Common, I have obtained a series of balance sheets of the company extending over a long period, and also copies of recent and old prospectuses. In one of the latter, it was stated that the company had made a start by building 'a block of houses for working men at Stockbridge; and, if duly supported, any number of similar houses may soon be erected. The present object is to build and sell the houses, and with the money thus received, not only to pay the interest on capital, but to build and sell again, until the supply of workmen's houses shall meet the demand.' This object it carried out faithfully. Eight houses were sold in the first year for £1,040. Fifty-four were sold in the second year, and seventy in the third year. So the company went on, until in the year 1868-9, the number sold was 137; in 1869-70, the number sold was 113; and in 1870-1, the number sold was 100.

Writing at this date, Mr. Reid said:

'The society confined itself to production, in this way turning its capital to the utmost general advantage; and hitherto the demand has been in excess of the supply. . . . By mutual arrangement with the company, the property investment societies take a place analogous to that of the building societies . . . in England, and advance on the security of the title deeds' £125 towards the purchase of a house costing £130; the purchaser only having to supply £5 at the outset, and 'by an annual payment of £13 redeems the property in fourteen years . . . being scarcely £2 more than the mere rent of a house in some other part of the town.'

<sup>1</sup> *Past and Present*, pp. 142-4.

As a frontispiece to his book, Mr. Reid gave an engraving of Reid Terrace and Hugh Miller Place, which were built by the company; and quoted Dr. Begg's remark,

'that one of the most pleasing moral spectacles in Edinburgh is to be found in the houses of the Co-operative Building Company. . . . I have repeatedly shown them to strangers . . . and the impression has always been one of admiration and delight'<sup>1</sup>

The profits of the company were divided solely on capital, and continued to be so divided at the time of writing (1892). Up to 1872, the dividends had ranged from 7½ % to as much as 50 % per ann., 'the average, including the years 1871-2 . . . being not much under 15 %'<sup>2</sup>. Mr. Reid said :

'Some of the foremost advocates of the co-operative system will miss in the Edinburgh scheme a feature which they seem to regard as the highest development of the co-operative spirit. The Scotch workmen felt, as many others feel, that the strongest inducement to well-doing, and the surest help to well-being, was to make the benefit dependent on some recognized and tangible condition. They looked upon the plan of giving a bonus to labour—a percentage in addition to wages . . . as partaking of the nature of a gratuity, and consequently verging on charity. It therefore appeared to them . . . that the greatest and most enduring good would be to pay the highest rate of wages, and divide the profits only among those who became shareholders, at the same time giving every facility for becoming so'<sup>3</sup>.

In 1871, the company adopted a system of selling its houses on the instalment system, and this removed the necessity for mortgaging with a property investment society, the law charges being kept down 'to from 30s. to 42s., according to the price of the property, or exactly the same charges as would have had to be paid had the house been purchased at once for cash.' This does not seem to have led to an extension of business; as the sales dropped down for several years, until they were as few as thirty-one in the

<sup>1</sup> *Past and Present*, p. 151.      <sup>2</sup> *Co-operative News*, vol. ii. p. 351.

<sup>3</sup> *Past and Present*, pp. 162, 163.



year 1874-5. They then improved, and in 1876-7, 113 were sold. But this was a spurt; and the four succeeding years up to 1881, saw only about 44 per year disposed of. In the 20 years, the company had 'supplied a total of over 1,200 houses and shops' at 'prices varying from £130 to £400, and the feu-duties from 11s. to 35s.' In the next ten years, according to a prospectus issued on January 1, 1891, the number of houses and shops 'erected in the city and suburbs of Edinburgh and in Leith' had been about 300, making altogether 1,500 since the commencement of the company.

The last eleven annual balance sheets of the company have shown good dividends: 15 % was paid in 1881, and 12½ % in 1886 and 1888. In all the other years since 1881, 10 % has been paid on the full capital of £10,000. The balance sheet for 1890-91 showed that the company possessed a reserve fund of £3,600, as well as a fire insurance reserve of £1,400. The loans and deposits amounted to £42,537. The assets included amounts payable on sales, £18,537, and stock of houses, plant, &c., £37,473.

Mr. James Colville was the manager of the company from its commencement up to July, 1889, when he resigned, 'on account of increasing years and failing health.' This gentleman died at the beginning of January, 1892; and, in a notice of his life, it was stated that 'the undertaking,' with which he had been connected for nearly thirty years, had, at the outset, 'encountered difficulties which would have damped the ardour of less courageous men. . . . The directors found it no easy matter to acquire ground for building purposes. Hence they advertised for work as general builders. . . . By-and-by ground was obtained at Stockbridge. Difficulties then arose as to clauses in the proposed title, and no sooner had these been removed than difficulty was found in getting stone, the people at the quarry not understanding the new association<sup>1</sup>.' The contrast between then and now is marked by Mr. Stewart's statement that 'some of the work-people

<sup>1</sup> *Scotsman*, January 12, 1892.

may be shareholders ; but I fear they are few in number, as the shares are very difficult to get,' being limited in number, and being so highly prized as a safe and lucrative investment.

The Artisans', Labourers', and General Dwellings Company is a regrettable instance of a good machine diverted from its original worthy object to one of a less praiseworthy character. It was originated at the beginning of 1867 by a few working men, backed up by some wealthy and influential friends, among whom was the late Earl of Shaftesbury, who acted as president of an honorary council, and as an arbitrator. William Swindlehurst, who was, I believe, a carpenter, was the secretary and manager. The objects of the company were to obtain, as shareholders, persons desirous of buying dwellings for their own residences, and persons desirous of being employed in building these dwellings ; the plan being to buy land in block, build to suit the wishes of the members, employ shareholders as workmen, share profits with the workmen by a system of balancing estimated cost of erections against the actual outlay, and sell the dwellings to the tenants at low rates on a rental repayment system. The shares were £10 each ; but, at the outset, only £1 per share was called up.

In June, 1867, a start was made at Battersea Park with the erection of a few seven-roomed houses, which were completed in 1868, and at once sold to tenant shareholders on terms of repayment extending over from 10 to 14 years. At the end of 1867, there were 146 shareholders, with £504 of share capital ; and at the end of 1868, there were 649 shareholders, with £1,341 of share capital. In their report for 1868, the directors expressed their satisfaction with the progress of the company, and said :

'Its leading feature, the blending of the interests of labour and capital upon the co-operative principle, has been tested with the most encouraging results. During the year, balances beyond wages have been paid to workmen ; and in this experiment the directors have the greatest satisfaction in stating that

no differences have as yet arisen requiring the services of the arbitrators. The workmen shareholders discover that their interests and the company's are identical; that by doing their work well, and economizing materials, they are laying a foundation which cannot do otherwise than result, so far as its influence extends, in the improvement of our social system, bringing capital and labour into harmony, and thereby preventing those costly and exhausting strikes, which are always ruinous to both workmen and employer<sup>1</sup>.

A branch of the company was established in Manchester in 1869, where about 400 members, holding over 500 shares, were obtained. Several prominent co-operators, including H. R. Bailey, J. C. Fox, and R. Bailey Walker, gave the company the benefit of their support. A row of cottages was erected in Salford, and they were asserted to be 'better in construction, and more sanitary than any of the houses built in the neighbourhood by speculators<sup>2</sup>.'

By the end of the year 1869, the company's share capital had increased to £3,014, with a membership of 957; and it had £5,285 of deposits. The report stated that the company was able to sell a house to a tenant, on a 14 years' repayment system, for a sum equal to 1s. 2d. per room per week<sup>3</sup>. In 1872, the company acquired an estate of 40 acres, not far from Clapham Junction, on which they proposed to build 1,200 houses. The estate was named 'Shaftesbury Park,' and Lord Shaftesbury laid the first stone of this new town on August 3, 1872. Here, again, public attention was called to the fact that 'the distinctive feature of the project is that each of the tenants will, after a time, come to be the owner of the house he occupies<sup>4</sup>.' In 1875, the delegates to the London Co-operative Congress visited the Shaftesbury Park, inspected the dwellings, attended a meeting of the inhabitants, and were told that land was reserved for a park, recreation ground, &c.<sup>5</sup>

<sup>1</sup> *Co-operator*, vol. ix. pp. 120, 150.

<sup>2</sup> *Ibid.*, p. 348.

<sup>3</sup> *Ibid.*, vol. x. p. 141.

<sup>4</sup> *Pall Mall Gazette*, August 5, 1872.

<sup>5</sup> *Co-operative News*, vol. vi. p. 177.

In 1877, Mr. Swindlehurst, and two others connected with the Artisans' Dwellings Company, were charged with fraud in connexion with the purchase of two additional estates at Cann Hall and Queen's Park. After a prolonged investigation, they were found guilty and sentenced to from 12 to 18 months' imprisonment. This proved a turning point in the history of the company. A completely new management was necessarily instituted; but this new body most unnecessarily changed the object of the company from that of trying, in the first place, to promote the well-being of the work-people and the tenants, to that of making a steadily improving investment for the capitalists. There is no recreation ground at Shaftesbury Park. The system of selling to tenants has been abolished; and, wherever possible, houses that had been sold have been bought back again. On the Shaftesbury Park estate, tenants speedily complained of rents being forced up beyond the rates they were led to expect when they settled there; but their complaints were unheeded.

From an investor's point of view, the company was, at the end of 1892, in a very prosperous condition. As it borrows money under the Artisans' Dwellings Acts from Government at a low rate of interest, it is not allowed to pay more than 5 % per ann. on share capital; but it is accumulating large reserves, and its stock is at a premium of 10 to 12 %.

Mr. Henry Broadhurst has given me some details of the United London and Provincial Building Company, which was registered under the Joint Stock Companies Act in 1868, with £1 shares, and in which he was a shareholder. The rules provided that 'the directors shall be practical building operative shareholders.' When the first general meeting was held, on August 11, 1868, there were 424 shareholders<sup>1</sup>. Each shareholder had one vote. All the building trades were represented in the company; and all profits were to go to capital. Their place of business was in Euston-road.

<sup>1</sup> *Co-operator*, vol. viii. p. 551.

The company existed for about four years; and its employés were principally occupied with jobbing work for the Aërated Bread Company, which paid the company very well. They tried hard to get building contracts.

‘We selected the best men we could find to make out our estimates. We paid every attention to all the formularies connected with estimating for public work; but we found invariably the result to be that architects and bodies of men who let work of that description would not even look at the estimates sent in by the co-operative company.’

At last they secured a contract to build a mission-room in St. John’s Wood; but the men took advantage of the manager, and did not keep time, although they were themselves shareholders. The consequence was loss instead of profit, dissension and strife, and finally the inevitable collapse.

‘We wanted capital. The shareholders themselves had not faith to advance it; we could not find a friend to do so; and we had to allow that attempt at self-employment in the great Metropolis to become an utter failure.’

In the spring of 1868 the bricklayers of Liverpool were on strike. Mr. A. A. Walton, of Brecon, being in Liverpool, addressed a meeting of the building trades, in Christian-street, on co-operation, and recommended them to form ‘a co-operative building company as the best means of putting an end to strikes and lockouts.’ He ‘strongly advised them to try and obtain the assistance of as many influential men in the town as possible.’ Through this meeting, the Industrial Building Company of Liverpool was established. It ‘received the support of three or four trade societies, and a large number of individual artisans’<sup>1</sup>.

The promoters of the new venture succeeded in winning friends, as they had been recommended to do by Mr. Walton; and their first piece of work was the erection of a new warehouse for the Mersey Seed Crushing Company, which was

<sup>1</sup> *Co-operator*, vol. ix. pp. 446, 490.

completed before the end of the year. A second, third, and fourth contract were obtained before midsummer, 1890, the last-named being for the erection of a forge for Messrs. Clay and Inman at Birkenhead, on which about 80 bricklayers, in addition to a number of men in other trades, were employed. It was said, 'One customer recommends another, so well pleased is each with the performance of the work <sup>1</sup>.' I cannot discover any further traces of this company.

Brief traces are found of several other building companies which were started about 1869, and at later periods. A Manchester and Salford Co-operative Building Company was started in June, 1869, with the aid of Malcolm M'Leod, the agent of the Artisans' Dwelling Company, and of Mr. Walton. The shares were to be £1 each, and after receiving interest at the rate of  $7\frac{1}{2}$  % per ann. the shareholders divided the remaining profits, if any, with the workers <sup>2</sup>. The company continued to appeal to the trades and to co-operative societies for support for about a year, and then ceased to exist without, I think, starting business.

The London Company of Builders, Limited, with a nominal capital of £10,000 in £1 shares, was started in June, 1872, 'in a great measure at the instance of Mr. Hughes, M.P., to test the principle of co-operation as a preventive of strikes.' The 'specific feature' of the company was 'that of securing the co-operation of the workmen employed, whether as shareholders or as participators in the bonus.' Shareholders were to have the preference when work-people were being engaged. After paying 10 % on shares, the remainder of the profits were to be divided equally between the workers and the shareholders. At a meeting held on September 18, 1872, at the Co-operative Hall, Castle-street, W.C., it was said that 'fifty of the cream of London workmen have become connected with the company, and that on the last pay night, £40 of

<sup>1</sup> *Co-operator*, vol. viii. p. 710, and vol. ix. p. 446.

<sup>2</sup> *Ibid.*, vol. ix. p. 460.

their money was received<sup>1</sup>. I do not find that the company ever started business.

In June, 1876, a National Co-operative Builders' and Contractors' Society originated out of the London Artisans' Institute, of which the Rev. H. Solly was the principal, and Mr. Hodgson Pratt the main supporter. This also, I believe, never started business.

The Union Land and Building Society of Manchester was registered on March 25, 1872, under the Industrial Societies Act<sup>2</sup>. Before this, it was a company registered under the Joint Stock Companies Act; and still earlier, it was a private firm. Through Mr. Thomas Wood, I have had access to original documents connected with this society.

The first start was made by five persons, among whom were Mr. Fred Smith, who was the manager of the business from the beginning to the end, and Mr. Henry Whitley. The five partners agreed to subscribe £30 each to begin business as builders; and each paid down £14 on August 24, 1867. Mr. Smith and another, were to be the acting partners 'at the same salary as if they were journeymen.' The other three were to give their services gratuitously for twelve months as secretary, treasurer, and architect respectively. Business was entered into, both speculatively in building houses on the chance of selling them, and by taking contracts. Houses were also built for four out of the five partners, funds being raised for this purpose by each of them on mortgage.

In July, 1868, four other persons were admitted on paying £50 each, and subject to certain reservations of property in favour of the original five. Instead of continuing to work under the names of the two acting partners, it was decided to register under the Companies Act as the Union Land and Building Company. This was done on September 24, 1868. In June, 1869, each of the nine persons forming the company had 100 £1 shares allotted to him, with 10s. paid up thereon;

<sup>1</sup> *Co-operative News*, vol. ii. pp. 327, 497.

<sup>2</sup> Registrar's Returns, 1872, p. 66.

and in 1870, this sum was increased to 11s. per share by the crediting of a dividend of 10 %. In 1871, a dividend of 90 % on paid-up shares was declared, and it was decided to call up the unpaid share capital. In the course of the year, one of the original partners had died, and his executor had been bought out at par, the shares being divided among the remaining eight members. It was now decided to turn the company into an Industrial Society, and admit more members; so at the end of 1871, profit to the amount of £160 was credited to the shareholders, who, for their original £50 each, now received about £120 in shares or cash from the new society. •

The Union Land and Building Company issued a prospectus bearing the names of Mr. Whitley as chairman, and Mr. J. M. Percival as secretary, in which they said :

‘The object which the promoters had in view was to make a successful building concern in the great centre of Lancashire trade, which should impart an element of peace into the building trades, and elevate the operative builder to the position of a responsible workman by giving him a share in the profits of his labour. The workmen employed by the society comprise joiners, bricklayers, masons, plumbers, painters, plasterers, and excavators, all of whom are entitled to a share in the profits after  $7\frac{1}{2}$  % per ann. has been paid to share capital, and a due allowance set aside for depreciation and reserve.’

Arrangements were made by which members could purchase their dwellings for an annual repayment in lieu of rent; and to investors it was said that ‘the constantly increasing value of property, as shown by the prices realized from time to time, will make the shares of the society a peculiarly advantageous investment.’

The first balance sheet, for the half-year ending June 30, 1872, showed business done, £1,789; rents received from property in hand, £495; share capital, £1,362; loans, £7,391; bank overdraft, £3,309; and net profit, £47. Out of this, a dividend at the rate of  $7\frac{1}{2}$  % per ann. was declared. The second year showed great activity; the Co-operative



Printing Society employing them to build a workshop, and the Co-operative Wholesale Society to build a warehouse. The total trade account for the half-year was £12,528, on which a profit of £493 was realized. A dividend of 10 % was declared on shares, and a bonus of  $2\frac{1}{2}$  % on wages. The latter amounted to £158; but only about £20 of this was claimed by the work-people, owing to the casual and changing character of the building trade; and the remainder ultimately went into the reserve fund.

The success thus indicated caused numerous applications for shares, and at the end of June, 1874, the subscribed capital amounted to £8,859. The profit allowed of a dividend on shares of  $11\frac{1}{4}$  % per ann., and on wages of  $2\frac{1}{2}$  %. A small amount, at the rate of  $2\frac{1}{2}$  %, was also granted on trade not done by contract. During the operations of the society, a number of second ground rents had been created. These had originally been capitalized at 17 years' purchase; but to improve the assets they had been written down to only six years' purchase, so as to 'place the society in a position to withstand any sudden reverse or loss.'

In the balance sheet for December, 1874, it was announced that the society had 'two large estates in its possession.' Both were being plotted out, and one, being freehold, was offered to customers, either on sale or lease. This was the last time the society paid bonus to employes, and it was paid at the previous rate of  $2\frac{1}{2}$  %. The reasons for abolishing bonus were explained by Mr. F. Smith and his colleagues at the Leicester Congress. Giving bonus 'had always been a failure. It was a rule that every workman should become a shareholder; but, though the bonus was equal to £2 or £3 per half-year, the men preferred 10s. to 15s. in ready money to becoming shareholders.' They added that they could not see where the workman 'acquires the right to share' profits. 'He has received his share in a commuted form when he has received his weekly wages; he has taken none of the risk of loss; none of the anxiety which falls to the lot of capital; he agrees, tacitly, if not openly, that

he will surrender his right to prospective advantages, by accepting a weekly payment in lieu of those prospects.' They believed that it was best to 'give to the workman special facilities for acquiring shares in the establishment where he is employed . . . and so arrange your benefits that as far as possible they may fall to the lot of the most deserving men<sup>1</sup>.'

In 1875, the society began brickmaking on its own land, afterwards using the bricks in the building operations. Judging by a paragraph in the society's report, I should gather that the committee had raised the valuations of the chief rents to cover losses on some contracts; but the usual 12½ % dividend was paid.

In the middle of 1877, the society was changed into a company, and the last report of the *society* showed, as all the others had done for several years, a dividend at the rate of 12½ % per ann. Owing to 'the very general depression of trade,' the committee reported that they had 'restricted the building of property of our own to the estate off Dickenson-road, where, we are glad to say, it has become tenanted as fast as we have got it ready.' But two additional estates, amounting to 39 acres, had been purchased; and the committee said that notwithstanding the depression, 'it is anticipated they will be a future means of profit to the company.' The wages paid for the half-year were £7,707, and the total outlay for materials, wages, &c., in the erection of buildings, amounted to £25,886. The receipts for sales, however, only amounted to £4,381; and the society had on hand property valued at £61,227, exclusive of workshops and building plant. The share capital was £10,021, the loans were £17,930, advances from building societies were £28,527, the bank overdraft was £9,973, and the reserve fund was £1,561.

The first balance sheet of the *company* showed subscribed share capital £20,470, of which £15,501 was paid up.

<sup>1</sup> Congress Report, 1877, pp. 47, 48 and 49.

Only £70 of this belonged to the work-people. The property in the hands of the company had increased to £73,115; the actual sales had not amounted to £2,100; yet a 10% dividend was declared. Brickmaking machinery had been put down, and 10,000 bricks per day were being produced. 'The general depression in trade,' it was said, had seriously hindered the company. The next half-year, the dividend fell to 5% per ann., and in the next, which was for the half-year ending December 31, 1878, the directors thought that it would 'be advisable not to pay a dividend this time, but carry the profit forward.' In 1879, the difficulties of the company increased, and in 1880 they got worse. In February, 1881, the company went into liquidation; and several mortgagees, including the Co-operative Wholesale Society, the Heckmondwike Society, and the Manchester Equitable Society, had to foreclose to secure their loans, or as much as the depreciated values of the properties mortgaged would enable them to secure. The company was in liquidation for over nine years, and was finally wound up in October, 1890. The shareholders lost all their capital, amounting to £19,000, and the unsecured creditors received a dividend of 1s. 8d. in the pound<sup>1</sup>.

Mr. Frederic Smith, writing to me in April, 1888, attributed the failure of the company to 'overbuying land and buildings, at a time when the tide of prosperity was ebbing. Had the society's operations been confined during the last few years of its existence to the ordinary work of the builder and contractor, it would still have been carrying on business. No question of bonus to labour, or any minor matter of that kind, had any effect in bringing about the failure.'

In the report of the Co-operative Aid Association for 1885, the committee said :

'Mr. Chard, an old Owenite ... conceived the idea of starting a co-operative builders' at Bromley, Kent. 'He thought there

<sup>1</sup> *Co-operative News*, vol. xxi. p. 1128.

was a good opening for general jobbing and repairing work, as well as for the erection of cottages. The result has been the formation of a society, the purchase of half an acre of land worth £700, and the erection, so far (August, 1885), of three pairs of semi-detached cottages. The Aid Association rendered all the assistance in their power in the organization of the society, and assisted it financially with a loan of £400 on mortgage of the freehold land. Subsequently they put the Bromley Builders into communication with the Lewes Co-operative Building Society, with the result that the latter have agreed to render all the financial assistance that the Bromley Builders may require.'

The 'Bromley Co-operative Builders' was registered under the Industrial Societies Act in 1885, the rules providing that the employes should share in the profits, and special provision being made for Mr. Chard to retain control, until the society repaid the capital he had invested. The first balance sheet was made up to December 31, 1885. The shares paid up were only £27, the loans amounted to £1,402; and there was also due to Mr. Chard, as treasurer, £152. There had been paid in wages the sum of £528, and one cottage had been sold. The profit and loss account showed a deficit of £18, because the unsold 'cottages were stated at cost of labour and materials only.'

It was reported that at the end of 1886, 'ten cottages had been completed, and four were in hand. Four cottages had been sold, and the remainder taken in the assets at cost. The unsold completed cottages were well let. The formation expenses have been written off, and a net profit of £21 has been realized, after paying 5 % interest on capital. This amount has been divided among the workers in proportion to the amount of their wages. The working members are investing  $2\frac{1}{2}$  % of their wages as share capital. Great difficulty is experienced in getting jobbing work<sup>1</sup>.'

At the end of 1887, the society had covered its little plot of ground, but not being able to get any jobbing work or contracts, and having its capital locked up in the cottages,

<sup>1</sup> Aid Association Report, 1887, p. 7.

for which at the moment there were no purchasers, it had to suspend active operations. The report for the year 1888 showed a profitable state of affairs, but with the capital of £2,278 locked up, it was decided to reserve the profit. Since then the cottages have been sold, but the builders, having to guarantee some of the tenants to the building society, which advanced the purchase money, the winding-up of the association, or the making of a fresh start, has been deferred until this contingent liability has run off. The death of Mr. Chard has made the prospect of renewed operations very remote.

The Co-operative Builders, Limited, of Burton Road, Brixton, was registered in December, 1889<sup>1</sup>. This society was evolved out of a profit-sharing scheme that was started in April, 1888. Mr. Minet, the treasurer of the Guild of Co-operators, had contracted with a builder for the erection of a beautiful hall in Camberwell. While it was still unfinished, 'the contractor found himself unable to complete the job.' Thereupon Mr. Minet agreed that the architect and the foreman of the works should form a private firm, with an arrangement to set aside 'one-third of the net profits,' to be divided among the work-people at the end of the year 'at an equal rate per pound of wages earned. To participate in this division,' it was explained that 'a man must have worked for us 400 hours, between March 1 and December 31 of' 1888. When the profit had been declared, a committee of seven, four elected by the men and three by the firm, were to decide on 'the best form of investment or distribution of the profit.' The firm went by the name of the foreman, viz. Curtis and Co.<sup>2</sup> The hall was afterwards presented by Mr. Minet to the parishes of Camberwell and Lambeth, to be used as a free library. In January, 1889, the firm issued a statement, explaining that they had now become a registered society, and detailing the results of the business in 1888. Work had been done to the amount of

<sup>1</sup> Aid Association Report, 1889, p. 8.

<sup>2</sup> *Co-operative News*, vol. xix. p. 689.

£22,755. The third of the profit due to the men amounted to £416. The writer of the statement said: 'It has been decided not to adhere to the' original arrangement to give one-third, 'but to divide the profits in the following way—first, a considerable sum has been written off the value of the shops, plant, and machinery; then, £25 has been put on one side for educational and social purposes during this year; lastly, £481 is given to the men, instead of £416, and £540 is placed to a reserve fund. The £481 is divided among 192 men, and is exactly 1s. 6d. in the pound on the wages that each has been paid during the year, £6,468 in all.' Each man's portion was put to his credit as share capital in the society. The statement went on:

'Our position now is this—we have a capital of £481, owned by 192 men. We have shops, plant, machinery, and stock to the value of £1,133; and for this year we have already work—certain—to the amount of £10,000, very nearly half of what we did last year, while we have a reserve fund of £540. The business is entirely the property of the 192 shareholders, and never surely did a body of men start with greater advantages or fairer prospects. We have all of us yet to learn a great deal of the principles of co-operation under which we are working, and this must be one of our first duties at the meetings in the year before us. . . . Let us realize that we are now our own employers, and that as whatever profits we make are our profits, so if we work at a loss, that loss is ours too. Each man has now a stake in the business, greater or smaller, and in case of failure, risks the loss, though he can lose no more, as the society is limited.'

The managers were to be the late private firm, Messrs. Hubbard and Curtis.

The rules provided that 'the society shall include all persons employed by the society who, under these rules, are entitled to share in the profits.' The shares were £1 each. Share capital was to receive  $7\frac{1}{2}$  % per ann. until the reserve fund equalled two-thirds of the share capital, but when that was accomplished only 5 % per ann. was to be paid to shares. Depreciation was to be at the rate of not

less than 5 % per ann. on buildings, and 10 % on fixtures. At least one-fourth of the net profits must go to reserve until the latter equalled two-thirds of the share capital, after which not less than 10 % must be so appropriated. One-tenth was to be devoted to educational purposes, and the remainder was to be allotted in proportion to their respective amounts, on dividend paid to share capital, and on wages paid to the workers. A man must work 500 hours in the year to entitle him to bonus. The profit was to be divided in the form of shares, and not in cash, except under special circumstances. No member was to have a vote unless he had fifteen paid-up shares, except the special members who had signed the rules. These special members, and eight elected by the shareholders, formed the committee.

The balance sheet for the year 1889 showed great prosperity. Work had been done to the value of over £23,000, on which a profit of £1,582 was realized. The wages paid during the year were £10,391. Of this sum £8,358 were entitled to bonus. The profit was disposed of as follows: Interest on shares, £27; depreciation of plant, £275; depreciation of buildings, £116; reserve fund, £400; educational account, £70; and dividend on wages at 1s. 6d. in the pound, £627. After these amounts had been written off, the plant account stood at £330 for what had cost £1,061; and the original cost of buildings was similarly reduced from £659 to £520. The amount placed to reserve fund increased that account to £942.

By this dividend on wages, the share capital was increased to £1,426, while loans stood at £1,985. The total number of shareholders was 195, 'divided as follows: 22 bricklayers, 49 carpenters and joiners, 7 clerks and foremen, 80 labourers, 5 machinists, 6 masons, 14 painters and polishers, 8 plumbers and fitters, and 4 plasterers;' 194 men, earning £929 during the year, had not been employed long enough to qualify. Of those who had qualified, 115 were old members, and 56 were new members; £314 had been paid

up in cash on shares during the year, in addition to the shares created by the bonus. Of the bonus declared in the previous year £63 had been unclaimed, although advertisements had been inserted in three newspapers; so this sum had been taken to the credit of profit and loss account. With a view of interesting and educating the employes, a series of educational and social meetings had been held. But there had been one hitch. Owing to differences of opinion on policy, Mr. Hubbard had resigned his connexion with the society.

The balance sheet for the year 1890 showed continued prosperity. Work was done to the value of over £31,000. The wages paid were £12,591, and the net profit was £1,129; £339 of this was put to reserve fund, which was thus increased to £1,278. The usual appropriations were made to depreciation and educational funds, and a bonus of 1s. 3d. in the pound was declared on wages and on share interest. The wages on which dividend was due amounted to £8,495; and the number of men entitled to share in the dividend was 155. There were 62 men qualified to become members, who did not apply, and whose wages for the year amounted to £1,656; and 388 men, who had earned £2,132 of wages, were not qualified.

The work done by the builders up to the end of 1891, included a second public hall and some houses for Mr. Minet, a large range of stabling for the Woolwich Co-operative Society, new central stores for the Sheerness Society, and a row of cottages for the Tenant Co-operators.

The annual report for 1891 was not quite so favourable. The committee said:

‘The statement of accounts we now present to you is of a very different character to those which have gone before it. . . . This year the net profit amounts to £216 3s. 3d., and is only sufficient to provide for depreciation . . . and to pay 5 % interest on the share capital. The causes which have led up to this result have been pointed out . . . and it is only necessary here to mention two of them. The first is your decision to grant



the terms of the carpenters' and joiners' memorial last May. This cost the society £202 2s. 4d., an amount sufficient to have paid a bonus on the wages entitled to receive it of 6d. in the pound. . . . The second cause—and the most important one—is your insufficient capital, which is out of all proportion to the trade done.'

The society consisted in 1892 of 180 members. The wages paid during the year 1891 amounted to £11,831; and the total number of men employed at one time or another during the year was 611; 489 of these were non-members, and 122 were members. The trade for the year was over £25,000. The share capital was £1,746, the loans were £2,310, and the reserve fund was £908.

Mr. J. J. Dent has told me that,

'in addition to the reasons given in the report, there is the loss of the discount on materials bought through having to take credit instead of paying cash, as they were able to do in the early years when the customers were friends who paid up quickly, and so made up for the dearth of capital. The discounts on £13,000 paid for materials is a serious loss, and would pay a good dividend to the men.'

The committee have tried to get the men to invest some share capital, but the men 'stated that the reason members did not subscribe additional share capital was that they were not given a fair share of the work done.' The committee said that they have inquired into this statement, and 'are satisfied that there is no ground for its being made.' They added, 'It should be plain to all that we cannot guarantee constant employment; but the general rule has been that when members have applied for work and it has been possible to find work for them they have had it.'

Towards the end of 1891 the rules were altered in accordance with the light that experience had thrown upon the society. The members were divided into three classes, viz.: Class A, consisting of persons who have worked at least 700 hours in the year ending December 31 prior to their application, or, if weekly servants, have been employed

in the same period for at least 14 weeks. Application for membership has to be made 'on or before January 8 in the year then ensuing.' Class B consists of 'such persons, not exceeding eight at any one time, as the committee may elect as honorary members, who shall enjoy all the privileges of members.' Class C consists of 'such persons as the committee may admit upon their application.' Members in Class A have to hold 'at least one preference share,' and in Class C 'at least two preference shares.' The shares, whether preference or ordinary, are £5 each. The committee has to be composed of eight of the members plus two of the honorary members; all, however, have to be elected at the meetings by the members. Members working for the society more than 10 miles away, can vote by ballot paper sent through the post. Quarterly members' meetings have to be held; but the system of having an annual balance sheet is adhered to. The secretary, manager, and assistant manager, are appointed by the committee. The former and the latter are removable by the committee; but the manager can only be suspended until a special members' meeting has been held, and has decided on his retention or removal. He can only be dismissed, however, by a vote of two-thirds of those present at the meeting. The reserve fund has to be credited with one quarter of the profits, until it is equal in amount to the paid-up share capital. The preference shares have to receive 6 % per ann., and ordinary shares 5 %. The education grant is limited to £50 a year. One per cent. of the profits has to be carried to a benevolent fund, out of which the committee may make charitable grants. The net remaining profits have then to be divided on share interest and wages 'in proportion to their respective amounts.'

The London Builders, Limited, originated with the Tower Hamlets branch of the Co-operative Aid Association, and was registered in 1888. It was started at first with the idea of running a sawmill, but afterwards took the form indicated by its title. Shortly after its formation, it received the

order to adapt a shop at Bow, for the purposes of a branch of the Tower Hamlets Co-operative Society. 'The order was satisfactorily executed; but trouble arose when the accounts came to be examined, and irregularities in the shape of overcharges were discovered. This led to the exclusion of the manager.' The society, though still in existence in 1892, was doing nothing<sup>1</sup>.

The Brighton Artisans' Co-operative Society was started at the latter end of 1887, with the help of the Labour Association, and was registered in 1888<sup>2</sup>. At a meeting held in November, 1887, to forward the objects of the society, it was said that it was proposed 'to include all who were connected with the building trades.' It started with about 20 members; and the society intended to divide profits as follows: 40 % for the benefit of the members, 30 % to a provident fund, 20 % to advertising, and 10 % to rewarding special talent<sup>3</sup>.

At a further meeting, held in June, 1888, the objects and intentions of the society were

'said to be to elevate and improve the condition and prospects of steady and industrious artisans; to raise the standard and quality of their work, and to concentrate the efforts being made to bring them into united action for their mutual benefit; and its system of business is such that the members can invest their savings, appoint and supervise the management, and share the profits<sup>4</sup>.'

The society, so far, has confined itself to small jobbing and decorative work. In 1889, there were 24 members, with £24 of capital. The trade done amounted to £176, on which a profit of £21 was realized. In 1890, there were 35 members, with £32 of capital. The trade done had dropped down to £102, and the profit realized was £2 only<sup>5</sup>. I am afraid that 1891 has shown a worse

<sup>1</sup> *Toynbee Record*, February, 1892.

<sup>2</sup> Registrar's Returns, 1888, p. 108.

<sup>3</sup> *Co-operative News*, vol. xviii. p. 1241. <sup>4</sup> *Ibid.*, vol. xix. p. 658.

<sup>5</sup> Congress Report, 1890, p. 154, and 1891, p. 152.

condition, as no return was made to the registrar for that year.

The Norwich Industrial Builders, Limited, was started in the summer of 1891, and was registered in December. It was claimed to be 'an honest attempt at a solution, in some degree, of the present labour deadlock by a band of intelligent workmen anxious to be doing good work<sup>1</sup>.' In an appeal, issued to the members of the Norwich Co-operative Society, the builders said they 'are prepared to do any class of work, from building and decorating a first-class house to making a linen post, or whitewashing a kitchen.' They added: 'We need all the help you can give, as those of us who are known to be actively engaged in the business are boycotted by the competitive employers in the same manner as the stores were in their infancy<sup>2</sup>.'

Mr. Land, the manager, has informed me that, 'by hard pushing and perseverance we did £250 worth of work up to December 31, 1891. The balance sheet up to the end of 1891 'showed a balance of a few pounds on the wrong side; but it gave satisfaction. The share capital is £104, and the reserve fund £7 9s. 7d. At the present time we have only three men at work, and trade is dull. We anticipate a better result this year' (1892).

The Decorative Co-operators' Association, Limited, was formed at the beginning of 1883, by Miss M. H. Hart, 'to carry into operation the principles embodied in the celebrated firm founded by Leclaire.' It was registered under the Joint Stock Companies Act. Messrs. Albert Grey and A. H. D. Acland were on the directorate; and I believe that the late Earl of Carnarvon and the late Earl of Derby were among the shareholders. The Association was started with some *éclat* on February 24, 1883.

The prospectus pointed out the great success of the *Maison Leclaire*, and urged that

'the principles of co-operation can be perhaps more easily

<sup>1</sup> *Co-operative News*, vol. xxii. p. 689.

<sup>2</sup> *Ibid.*, p. 1105.

applied to the trade of house decorators than to any other productive industry. The capital required is small in proportion to the extent of the wages earned. The necessity for trade speculations and its attendant risks is limited ; and the impetus given by the partnership to the labour of the workman is especially valuable in a business where the supervision of their industry and efficiency is necessarily incomplete.'

After paying 5 % per ann. interest on share capital, the net profits were to be divided as follows : one-fourth to the manager, one-fourth to the Mutual Aid Society for the benefit of the work-people, two-fifths of the remainder to the reserve fund, and three-fifths 'to the workers in exact proportion to wages earned.' Half the workmen's portion of profits was to be given in the form of share capital<sup>1</sup>.

The business done in the year ending March, 1884, amounted to £6,826 ; and 'the association earned general praise for the excellent manner in which their work has been executed.' In the second year, the business amounted to £8,283, and the wages paid to £2,937. No divisible profits were, however, made ; and the association did not succeed. After the first flush of enthusiasm, it gradually decayed ; and in 1891 it was merged into another firm.

I believe that no workmen became shareholders ; but this was not the fault of the workmen. I know that some of the men were somewhat dissatisfied at the way they were treated ; but I do not know how far this dissatisfaction was justifiable, beyond the fact that they were not allowed to become shareholders. I mentioned this matter several times to Miss Hart ; and on the last occasion she told me that no workman would be admitted as a shareholder, or would be allowed to have a voice in the management, until the association had become a success.

On April 23, 1887, a meeting was held by a number of officials and members of 'The London Central Association of House Painters and Decorators' for the purpose of

<sup>1</sup> *Co-operative News*, vol. xiv. p. 318.

forming a co-operative society, 'with the object of finding work for unemployed skilled workmen, and to do good work on strictly co-operative principles.' A society was accordingly registered as the Co-operative House Painters and Decorators, with offices at Great Titchfield Street, W. It was decided that 'all the shareholders, except societies and companies, are to be members of the trade associations. The workers are to receive the full rate of wages paid in the respective trades. Interest upon capital is limited to 5 %, and the remainder,' after making the usual provisions, 'will be divided among the working members upon their wages for the year.'

A workshop was taken, and a small amount of work was obtained. Then a contract was obtained to decorate a chapel in Wales; 'but it was tendered for without being seen, and the work was more than was anticipated<sup>1</sup>.' A slight loss was the consequence; and this reverse so discouraged the members, that the society lost its vitality and almost ceased operations. In 1891, it did work to the extent of £58, on which a loss was sustained of £3. There were, at the end of 1891, 34 members, with £46 of share capital and £25 of loans<sup>2</sup>.

On May 13, 1889, The Oxford House Repairing and Decorating Society was registered under the Industrial Societies Act. Its prospectus said: 'The society, in dealing with their customers, guarantee that all works entrusted to them shall be carried out in accordance with the wishes of the employer, in a workmanlike manner, and with the best materials; 30 % of the net profits are apportioned to the customers on all cash payments received.'

A first balance sheet was issued, made up to October, 1890, in which the committee congratulated the 'members on the success that has attended the working of the society.' Work had been done to the amount of £638. The wages paid were £587. The share capital was £60, and the loans

<sup>1</sup> *Co-operative News*, vol. xviii. pp. 413, 931.

<sup>2</sup> Registrar's Returns, 1891, p. 54.

£45. A profit of £67 had been made, and was divided at the rate of 6*d.* in the pound on sales, and 7½*d.* in the pound on members' wages; £17 10*s.* was carried to depreciation of fixed stock, £6 15*s.* to reserve, and £4 10*s.* to a contingent fund. The year 1891 showed a further measure of success, the profit being £27. Out of this, 5 % was paid on share capital, £10 was appropriated to the payment of a dividend of 6½*d.* in the pound to the workers on their wages, and £7 was devoted to the payment of a dividend of 5*d.* in the pound to customers on the value of the work that had been done for them. The share capital had grown to £93, and the reserve and contingency funds amounted to £11<sup>1</sup>.

The secretary has informed me that, at the end of 1891, they had 41 members, of whom 15 were working for the society. At the end of 1892, the membership remained unchanged, but the share capital had increased to £100. The work done during the year amounted to £556, on which a profit of £23 was realized. After paying capital 5 %, and some of the customers a dividend of 4*d.* in the pound, the workers received a dividend on wages of 7*d.* in the pound. The society has received considerable support from members of the University of Oxford, who sympathise with co-operative effort.

The Caithness Pavement Manufacturing Company, Rotterdam-street, Thurso, was formed in the first half of 1872 under the Industrial Societies Act. A previous effort had been made about two years earlier; but it 'proved abortive, owing to opposition and other drawbacks.'

Every member had to hold at least five £1 shares, but could not hold more than fifty. These were all withdrawable at three days' notice. After making allowance for the reduction of fixed stock and a reserve fund, the profits were to be 'divided between invested capital and labour wages, in proportion to the amount each represents.'

<sup>1</sup> Congress Report, 1892, p. 174.

The promoters appealed to co-operators throughout the kingdom to help them, saying :

‘Caithness pavement is a special production, and promises a good return to capital. It is chiefly owing to manual labour that the material is obtained, and it is in every sense a branch of industry that belongs to the working class. Two promising quarries have been obtained, and a yard for sawing purposes has been procured. The working men are nobly doing their duty, in the face of much opposition from employers of labour<sup>1</sup>.’

At the end of the year 1873, the society numbered 89 members, with £285 of share capital, and £204 of loans. The sales for the year were £812, and the profit was £58. The next year, the members numbered 147, with £722 of share capital, and the sales amounted to £3,569. In 1875, there was a further increase in sales, with a profit of £195. The members also had increased to 203, but the share capital had dropped to £367. In 1876, the society had an alteration of rules, and the membership was cut down to 21, with a share capital of £618, and loans of £1,226. The sales were £4,268, but there was no profit. The next three years were very prosperous, the sales averaging £7,000 a year, and the profits being respectively £942, £1,518, and £719. In 1880, however, the sales fell by one-third of the previous year’s total, and there was a loss of £177. A profit of £188 in 1881 just recouped this, but was followed in 1882 and 1883 by lessened sales, and losses of £589 and £488 respectively. These disasters broke up the society<sup>2</sup>.

What is now the Howley Park Co-operative and Building Society, was registered on May 4, 1872, as the Morley Co-operative Quarry and Building Society. The former title was adopted in 1875<sup>3</sup>. The society originated in a dispute between workmen and employers. On February 13, 1872, a meeting of quarrymen and labourers then on

<sup>1</sup> *Co-operative News*, vol. ii. pp. 293, 318.

<sup>2</sup> Registrar’s Returns, 1873–1883.

<sup>3</sup> *Ibid.*, 1872, p. 66, and 1875, p. 62.



strike, was held in the large room of the British Workman, Bridge-street, Morley, when, after hearing an address, and having heard read an article in the *Co-operative News* on 'Strikes and Co-operation Abroad,' it was 'resolved to form a co-operative quarry society in 10s. shares; and a provisional committee was appointed. Without any outside effort, over 300 shares were taken up, mostly by quarry workers<sup>1</sup>.'

At the end of February a prospectus was issued, which, after stating that 435 shares had 'already been taken up by working men,' went on to say :

'The promoters, from personal knowledge and practical experience of the trade in the neighbourhood, are confident that, allowing good interest on capital invested, they will, after paying wages of the highest standard in the district, and allowing a liberal margin for working expenses, have a considerable surplus to give in bonus to the working bee<sup>2</sup>.'

An agreement for a lease of a quarry was entered into with Lord Dartmouth; but owing to the 'quarry masters' opposition to the project, his lordship insisted upon a deposit of £100 before giving possession. On September 21, 1872, 'the required £100 was paid over;' and on September 28, 'the committee turned the first sod' in their quarry. A steam crane was erected, and £1,000 of share capital had been subscribed, including £50 by the Leeds society, £100 by the Dewsbury society, and £100 by the Morley society<sup>3</sup>.

The first report of the society, up to midsummer, 1873, was satisfactory, and the committee reported to the members that they were happy to congratulate them on the success of the society. Asking 'their fellow-workmen to join,' they said :

'It is intended to give an equal share of profit on labour and capital. They (the workmen) would thus receive the full advantage of their own labour, likewise a full knowledge of the

<sup>1</sup> *Co-operative News*, vol. ii. p. 101.

<sup>2</sup> *Ibid.* <sup>3</sup> *Ibid.*, pp. 423, 593.

relations between capital and labour ; for it is by this means, to a great extent, will be averted the evil of strikes<sup>1</sup>.

The society has had a very prosperous career. At the end of 1874, there were 232 members, with £4,519 of share capital, and £926 of loans. Every year has shown satisfactory profits except 1884, when I suspect that there must have been a loss, as no details were supplied to the registrar. On the other hand, some years were exceptionally prosperous, of which may be instanced 1875 and 1883. The sales have steadily increased from £1,813 in 1873 to £13,768 in 1889<sup>2</sup>. In the last half of 1891 the balance sheet showed sales of £8,488. In 1874, the secretary has informed me, the share list was closed with a capital of £5,000. At that time, he said, 'a great many working quarrymen were small shareholders,' and up to that date 'bonus on labour was paid. After this was knocked off in 1874, they have gradually diminished, and only five or six are now shareholders.' In 1888, the share capital was increased to £8,000, at which amount it stood at the end of 1891. Being a society whose shareholders are limited, it has to pay income tax on its profits.

Through Mr. Barstow, I have received a copy of the rules, and of the balance sheet for the half-year ending December 31, 1891. The society pays a steady dividend of 10 % per ann., and has a reserve fund of £605. The loan capital amounts to £2,750. The fixed stock stands at £7,400, no less than £695 having been written off for the half-year. About 180 persons are employed in the quarries ; but the number of shareholders is only about 140, as against nearly twice that number 18 years earlier.

In July, 1889, a strike occurred among the quarrymen employed by the society ; and the following statement concerning the strike at the 'so-called Morley co-operative quarry' appeared in the *Co-operative News* of August 10, 1889 : 'I name it so-called co-operative,' said the writer,

<sup>1</sup> *Co-operative News*, vol. iii. p. 589.

<sup>2</sup> Registrar's Returns, 1873-1889.

'because it seems to me the very opposite to co-operative liberty, when the committee of the said society are so high-flown as not to answer the written request for an advance, couched in the most pacific language, especially so, seeing that the committee had promised the advance last spring.' The secretary has informed me that this strike 'resulted in some of the men getting  $\frac{1}{2}d.$ , and others  $\frac{1}{4}d.$  an hour more wages.'

During the severe winter of 1890-1, the workers suffered from the inability to continue their employment. At the members' meeting, held in January, 1891, it was consequently decided 'to grant the sum of £10 for the relief of the workmen, who have been thrown out of work by the frost ; and should the frost continue it was agreed to increase the sum to £50 <sup>1</sup>.'

The rules establish in the society the principle of 'one man one vote,' except that shareholding societies are entitled to one representative for each £50 they have invested. There appears to be nothing to prevent an employé from being on the committee, although there were none on it at the end of 1891.

Several conferences have been held in the Kent district of the Co-operative Union, to discuss the advisability of forming a co-operative brickmaking society. Serious obstacles have presented themselves, not the least being the onesided agreement which the men have to sign once a year when beginning a new season, and which places them very much in their employer's power. The agreement is so inequitable to the men, that I doubt if a court of justice would uphold it ; but the men are too weak, through being unorganized, to dream of fighting the question.

The Conference Association issued a preliminary circular to co-operative societies in January, 1891 ; and, the appeal having met with a sufficiently favourable response, the Kent Co-operative Brickmaking Society was started, and

<sup>1</sup> *Co-operative News*, vol. xxii. p. 129.

a prospectus issued in June, 1891. The shares are £1 each, and

‘it is proposed to distribute the profit . . . as follows : In paying a dividend at the rate of 5 % per ann. on share capital, and the remainder to be apportioned as follows : 50 % to the workers and management, to be divided *pro rata* on the amount of their wages ; 10 % to a provident fund ; 5 % to a social and educational fund ; 7½ % to a reserve fund ; 10 % to capital *pro rata* on the number of shares held by each member ; 7½ % to the committeemen ; 10 % to purchasers *pro rata* on the amount of their purchases.’

The estimated required capital is £2,500, ‘a large proportion of which is promised. A site has been secured at Frognal, Teynham. It is within easy access for water carriage, a line of rails being already laid from the site to the wharf, and is in close proximity to the London, Chatham, and Dover Railway, which would admit of a siding being run on the main line.’

The society had hoped to begin brickmaking in the season of 1891-2 ; but, not having raised all the necessary capital, they determined to delay operations for a year. In the meantime they canvassed for capital among the societies in the Kent district, and they reported ‘the trades unionists are also pushing the matter forward, and have paid one-third of the sum for securing the land.’ With the opening of 1893, brickmaking was commenced.

## CHAPTER XXIII.

### PRINTING, PUBLISHING, AND PAPER MAKING.

CONSIDERING the well-known intelligence of men engaged in the printing trades, the number of efforts at co-operation is very small. This is probably owing to the comparative ease with which a pushing man can become a small master; the capital required for the purpose being quite within the amount which a saving and industrious person can accumulate in a reasonable time.

A somewhat feeble attempt was made at Islington (London) in 1867, when the Mutual Printing Society was registered on July 30 of that year. Each member had to hold not less than five £1 shares. The committee was 'composed of working printers.' The society proposed to 'carry on a trade with co-operative societies,' and invited the latter to become shareholders. It also had an idea of starting a newspaper. Every workman had to be a shareholder, and the promoters urged that by 'participating in the profits derived from his labour' the workman 'is naturally anxious to save material and expedite business. The society can thus guarantee good workmanship<sup>1</sup>.'

The Mutual Printing Society started business at 22 Breadstreet Hill, E.C., and kept on as a society for about a year, or perhaps a little longer. It was then turned into a private firm of two persons; the manager of the society (Mr. Cherry) being the senior partner<sup>2</sup>.

<sup>1</sup> *Co-operator*, vol. vii. pp. 461, 548, and vol. viii. p. 448.

<sup>2</sup> Congress Report, 1869, p. 101.

The Staffordshire Newspaper and General Printing Society, Hope-street, Hanley, was registered in 1871, and was supported by a number of trade societies as well as by individual shareholders<sup>1</sup>. It started business promptly, with 100 members and £704 of share capital. Of this sum, £505 was expended in plant, and sales were made up to the end of 1871 amounting to £113, from which £26 of profit was realized<sup>2</sup>.

The sales in 1872 were £2,882, and the profit was £159. In 1873, misfortune came to the society. The membership dropped from 101 to 53, and there was no profit. In 1874, the membership further dropped to 43; but the sales went up to £3,089, and the profit realized was £106. In 1875, the sales dropped one-half; and the figures for 1876 were little better, while the results of the year's working exhibited no profit. In November, 1877, the society was dissolved; but I cannot trace the causes of the dissolution, nor the results of the winding-up<sup>3</sup>.

Writing to the *Co-operator* of June 12, 1869, Robert Stapleton said :

'I, along with my fellow-workmen (operative printers), being convinced of the soundness of the co-operative principle as a means of ameliorating the condition of the working classes, thought that a large field was open in our own trade for an extension of that principle as applied to production. We talked the matter over, and a meeting was held on March 13, 1869, when it was resolved that a co-operative printing society should be formed<sup>4</sup>.'

In consequence of this decision, a prospectus was issued of the North of England Co-operative Printing Society, with a committee of fifteen persons fairly representing both the co-operators and the trade unionists. Among the former were Abraham Howard, Thomas Slater, and William Nuttall; and among the latter were H. R. Slatter, John Bradley, and Robert Stapleton<sup>5</sup>.

<sup>1</sup> *Co-operative News*, vol. iv. p. 290.

<sup>2</sup> Registrar's Returns, 1871, p. 38.

<sup>4</sup> *Co-operator*, vol. ix. p. 424.

<sup>3</sup> *Ibid.*, 1872-1878.

<sup>5</sup> *Ibid.*, vol. x. p. 462.

At a meeting held on the premises of the Wholesale Society, Balloon-street, Manchester, on September 18, 1869, it was reported that 432 shares of £1 each 'had been taken up by 76 holders,' among these being six co-operative societies. The society had commenced to take orders on commission; and, as 'to commence operations with safety and success, about £1,000 would be required,' it was decided to adopt a rule empowering the committee to accept loans at a rate of interest 'not exceeding 6 % per ann.' Share capital was to receive out of the profits a dividend at the rate of 7 % per ann., and the remaining net profits were to be 'divided between capital and labour; thus giving the workmen employed an immediate interest in the progressive extension and security of the undertaking<sup>1</sup>.'

In October, 1869, premises were hired at 15 Balloon-street, and business commenced therein; the first half-yearly report, up to the end of 1867, showing sales £416, with a gross profit of £63. The second half-year showed sales of £1,010, and the profit allowed of a dividend of 10 % per ann. on the share capital, together with a bonus of 3 % on wages. A balance of £16 was taken to a reserve fund. The share capital amounted to £678, held by 108 members; and 93 societies had become customers<sup>2</sup>.

The society steadily increased up to 1873; the share capital at the end of that year being £9,775, which was held by 372 members; the loan capital was £16,550, and the reserve fund was £241. The sales for the year were £17,526; but while there had been profits made up to the second half of 1873, enabling dividends to be declared at the rates respectively of 17½ %, 14 %, 14 %, 12 %, 8½ %, and 8¾ %, per ann., this last half-year showed a loss of £288. This loss may be set down to the exertions that had to be made to keep pace with a very rapidly growing trade. The society occupied, at the start, a portion only of the premises

<sup>1</sup> *Co-operator*, vol. ix. pp. 698, 699.

<sup>2</sup> *Ibid.*, vol. x. pp. 124, 521.

at 15 Balloon-street; then it took them all. On March 9, 1872, a special meeting decided to open a branch establishment at Newcastle; and the committee were authorized by the same meeting to purchase a site on which to erect suitable printing works in Manchester. For this purpose the share list, which had been closed, was reopened<sup>1</sup>. A site was purchased in New Mount-street, and a contract entered into with the Union Land and Building Company, at a cost, without plant, of over £6,000. Further, a special meeting was held on October 19, 1872, to rearrange the method of sharing profits. For some weeks before the meeting, a lively controversy had been carried on in the pages of the *Co-operative News*, and considerable feeling had been manifested. The meeting decided by a large majority to give share capital  $7\frac{1}{2}\%$  per ann., and then divide the remaining profits 'into three equal parts, viz. one to share capital, one to labour, and one to the purchaser<sup>2</sup>.' The feeling evinced by the discussion on profits had some effect in keeping down the gross profits; and the additional expenses, caused by the enlarged outlay on land, buildings, plant, and stock, trenched very heavily on the gross profits. In 1874, however, the society managed to pay  $9\frac{1}{2}\%$  to the shareholders; but for the next five years, the dividend was never above  $7\frac{1}{2}\%$ , while in four cases it went down to  $5\%$ , and in two half-years it went down to zero<sup>3</sup>. At the special meeting above referred to, the name was shortened by striking out the words 'North of England.'

In 1879, the reserve fund of about £1,000 was swept away to meet bad debts that had gradually accumulated. Changes were also effected in the staff, the old managers at Manchester and Newcastle being called upon to resign. Mr. Barnes at the former place, and Mr. Ashforth at the latter, were appointed in their stead. The first half of 1879 also ended in a net loss of some hundreds of pounds;

<sup>1</sup> *Co-operative News*, vol. ii. p. 124.

<sup>2</sup> *Ibid.*, p. 546.

<sup>3</sup> *Coming of Age Handbook*, 1890-91, pp. 70, 71.



and Mr. Barker, one of the founders of the society, asserted that bad management had 'for some three or four years past' rendered its share scrip 'practically unnegotiable'.<sup>1</sup>

From this date, the progress of the society has been one of almost continuous prosperity. For two half-years its dividends were only at the rate of 5 %. Then the dividend rose to 7½ %, and afterwards to 10 %; and from 1884 to the end of 1892, there has been a succession of 10 % dividends, only broken in one half-year of 1887, by a reduction to 7½ %.

In 1886, a branch was started in London, with Mr. Bradley as manager; and in 1887, the *Co-operative News* Society began to do its own printing, which, from the birth of the paper up to that date, had been done by the Printing Society. I think it is not too much to say that if it had not been for the assiduous nursing of the *News* in its infancy by the Printing Society, it would never have lived to reach the healthy and vigorous manhood which it now enjoys. At the end of 1892, the Co-operative Wholesale Society, after prolonged and adjourned discussions, decided to commence a printing department. This decision will ultimately take a large amount of trade from the Co-operative Printing Society<sup>2</sup>.

In August, 1891, the method of dividing profits was again altered, so as to give an equal rate of bonus in the pound on both wages, custom, and capital. An attempt was also made to reduce the rate of interest to which share capital had a first claim on profits, from 7½ % to 5 % per ann.; but Mr. E. V. Neale declared that this was illegal, so the motion was dropped. The Co-operative Union afterwards obtained the opinion of the then Attorney-General (Sir R. Webster) on this, as well as on some other knotty points; and his decision was that such a reduction would be legal. Acting on this, the shareholders' meeting held in February, 1893, reduced the first claims of the share capital to 5 % per ann.<sup>3</sup>

<sup>1</sup> *Co-operative News*, vol. x. pp. 139, 525 and 553.

<sup>2</sup> *Ibid.*, vol. xxiii. p. 1393. <sup>3</sup> *Ibid.*, vol. xxiv. p. 153.

The amount of bonus paid to employés, up to the end of 1892, was over £4,500. If the employés had steadily invested their bonus in shares, together with their dividends, they might, at that date, have been owners of nearly one-half the share capital. The actual amount held by the workers was under £700, although each has the special privilege of taking up ten £1 shares at par, whenever he chooses to do so. The total number of employés at the end of 1892 was over 400. Out of the total share capital of £16,635, about £8,000 were held by co-operative societies, and the remainder by individuals and trade organizations.

The sales had increased from £21,287 in 1879, to £66,443 in 1892; and the wages bill for the latter year amounted to £21,347. Over two-thirds of the business was done with co-operative societies, while the remainder was principally done with trades union organizations. A monthly railway guide has been published since 1873 at both Manchester and Newcastle, and book and sheet almanacks for co-operative societies are made a speciality. The departments carried on embrace almost all the branches of trade, including lithography, coloured work, illustrations, and bookbinding.

At the end of 1892, the balance sheet exhibited the condition of the society as follows: The loan capital stood at £5,495, for which 4 % interest was being paid. This loan capital was, however, scarcely needed; for the credit balance at bankers amounted to £4,445. The total amount of depreciation written off land, buildings, and machinery, was £36,938; while the nominal value of these assets was taken at only £14,462; and the reserve fund stood at £7,128. By the rules, no employé can be an officer of the society. The rules provide that each individual shareholder shall have one vote; but shareholding societies have the right to appoint one representative for each 'hundred shares, or fractional part thereof,' held by them.

In 1892, land was purchased at Newcastle for the purpose of erecting a new works; and at the beginning of 1893, it

was determined to lease land in London and erect works for the accommodation of the London branch.

The Co-operative Printing Society has always been on very good terms with its employés. Besides paying the highest trade union wages, and bonus in addition, there are sundry other benefits, such as the following, of which I, as president of the London branch, have personal knowledge—viz. the compositors in the society's employ in London work two hours a week less than the usual time, without any deduction from wages. I believe there is a similar practice at Manchester. Similarly, when the bookbinders asked for an eight hours' day, it was at once granted.

On January 1, 1873, the *Printing Times* announced that the private firm of Head, Hole, and Company had been transformed into the 'London Co-operative Printing and Stationery Company, Limited,' with a nominal capital of £50,000 in £1 shares. The first directors were Messrs. James Hole (of Leeds Redemption Society fame), Alderman Carter, M.P., Hodgson Pratt, William Pare (the first hon. secretary of the Co-operative Union, and an old Owenite), and W. Swindlehurst (of the Artisans' Dwellings Company). The articles provided for the distribution of profits as follows :

The shareholders were 'to receive a dividend not exceeding  $7\frac{1}{2}$  % per ann.; a portion of such profits, not exceeding  $2\frac{1}{2}$  %, to be set aside for a reserve fund; one-half the remainder of such net profits to be paid to the shareholders, and the other half distributed amongst the company's employés as bonus, in addition to their weekly earnings.'

The company's premises were off Fetter Lane, E.C. Scarcely had the transformation been effected, before it was found that the company had suffered 'from heavy defalcations by a dishonest secretary;' and in consequence of the trouble arising from this misfortune, a new article of association was agreed to, in April, 1873, regulating very closely the rights of shareholders to inspect the books of the company. The voting power was also altered to make

it more in accordance with the joint stock practice of property qualification ; and the rule for dividing profits was modified, so that after 5 % had been paid on shares, 5 % should go to reserve ; after which, capital, custom, and wages, were to share *pro rata*<sup>1</sup>.

The company struggled along for about three years, being principally occupied with printing work for the publishing houses, or with news printing. In 1876, a reconstruction took place, and the name was changed to the Metropolitan Printing Company, Limited. The directors also consulted Mr. E. O. Greening, who undertook, on condition that £1,000 nominal value of shares were transferred gratuitously to the Agricultural Association, to influence the placing of some loan capital. Some members of the council of the Agricultural Association, and other friends of Mr. Greening, advanced the loans, and the shares, on being transferred to the Agricultural Association, were taken as a sound asset, thus swelling the profits shown in the balance sheet by this amount. Mr. Greening, as managing director, was entitled to one-half the profits of the Association.

The loans thus provided did not last the company long ; and an attempt was then made to amalgamate with the Co-operative Printing Society at Manchester. This, however, failed. Then, Mr. H. Pumphrey, Dr. Rutherford, I, and several other co-operators were asked to assist at a reconstruction, and we consented to do so in conjunction with Mr. Greening. To enable the proposed reconstruction to have a fair chance, Mr. Hodgson Pratt induced the managing director, Mr. W. Head, to resign, by paying him several hundreds of pounds out of his private pocket, as it was seen that the business was not large enough to bear the heavy expense of retaining him. Mr. Robert Taylor (of Colchester) was engaged in his place, while Mr. W. Strawn (of Sheerness) was appointed secretary. A composition of 10s. in the pound was effected with the creditors, and another start was made.

<sup>1</sup> *Co-operative News*, vol. iii. p. 227, and vol. vii. p. 429.

This effort was continued under grave difficulties for nearly three years. It was handicapped by a considerable portion of the custom being withdrawn from the company on the retirement of Mr. Head ; and although Mr. Taylor did his very best, the difficulties of getting trade, together with the heavy standing expenses, were more than he could overcome. At the request of the directors, he gave up the management in 1879, in order that other experiments might be ventured upon. Shortly after, Mr. Pumphrey and I strongly urged the advisability of winding-up, as we saw no chance of success ; and as this advice was disregarded, we resigned our positions as directors about the end of 1879. The secretary also resigned.

It must be said to the credit of Mr. Greening that he stuck to the company most tenaciously, and did everything in his power to make it succeed. All the custom that he could influence was taken there ; and included in this, was the very important printing and publishing account of the Agricultural Association. Without this, the company could not have lasted a week. Through Dr. Rutherford, the Industrial Bank had been induced to grant large over-drafts, which amounted in August, 1880, to about £3,500<sup>1</sup>. The last effort made by Mr. Greening was to secure the appointment as managing director of Mr. E. Waechter (the editor of the *Agricultural Economist*), but this gentleman unfortunately involved the company in a contest with the Compositors' Trades Union. According to Mr. C. J. Drummond, in June, 1882, a deputation from the Printing Company waited on the Trades Union Committee 'for the purpose of informing them that the directors . . . had determined to pay their piece compositors 6*d.* per thousand all round, instead of by scale, and their establishment hands 28*s.* per week, instead of 36*s.* ; overtime in both cases not to commence until 10.30 p.m. instead of at 7 p.m.' In consequence of this, the compositors left their work ; and when

<sup>1</sup> *Co-operative News*, vol. xi. p. 522.

Mr. Drummond wrote on July 18, suggesting a conference 'with a view of bringing about a settlement of the dispute based upon the London scale,' the company declined, saying that they were 'established on co-operative principles'.

Mr. Waechter did not deny the truth of Mr. Drummond's statement. In his explanations, he said that they employed 'girls and boys as compositors on the scale adopted by other printing firms with which the company has to compete.' He added that when the men declined to work, 'the directors found no difficulty in supplying their places with other compositors. So far as the compositors are concerned,' he said, 'the effect of the change, supposing the company to succeed, would be that a body of workers, who obtain rather lower wages than the members of the union, would derive a benefit which will tend to raise their earnings to a level with those of their society brethren <sup>2</sup>.' To the latter remark, Mr. Drummond replied: 'Mr. Waechter's suggestion that his compositors should be paid low wages in order that they may share in the profits of the company is one that is not likely to find much favour with compositors generally.'

Mr. George Hawkins, who was then a member of the Southern Section of the Central Co-operative Board, brought the dispute to the notice of that body, on July 19, 1882; and, after two adjournments, the board passed a resolution, on August 16, as follows: 'That we very much regret the directors of the Metropolitan Printing Company have thought it necessary to reduce the wages of their work-people below the scale usually paid by the London trade.' In conveying the terms of this resolution to Mr. Drummond, Mr. Hawkins said it would 'dissociate the co-operative movement from such a disgraceful piece of business <sup>3</sup>.'

<sup>1</sup> *Co-operative News*, vol. xiii. p. 718.

<sup>2</sup> *Ibid.*, p. 701.

<sup>3</sup> *Ibid.*, pp. 573, 719.

The very drastic attempt made by Mr. Waechter failed ; and ultimately, in November, 1882, Mr. Greening had to let the company go into liquidation <sup>1</sup>.

‘Towards the end of 1873, a small printing business belonging to the journeymen printers’ trade society of Edinburgh being for sale, it was deemed a good opportunity to form a printing company on the co-operative principle. Glowing accounts of the success of the Manchester Printing Society had just been published in a local trade organ, which it was hoped would materially assist in promoting the scheme ; but in the absence of data on which to rest expectations of similar success, these failed in arousing much interest in the new venture <sup>2</sup>.’

Thus was started the Edinburgh Co-operative Printing Company, which was registered under the Joint Stock Companies Act. ‘The invitation to take up shares was responded to by only 29 persons’ (all journeymen printers) <sup>3</sup>, and a start was made with a subscribed capital of £102, which was increased by only £30 at the end of the first year. The value of the business to be taken over was fixed at £200 ; but the purchase was facilitated by the sellers agreeing to accept payment in scrip <sup>4</sup>. The business premises in Bank-street, that were thus conveyed to the company, were very badly supplied with the requisite plant ; and even four years after the formation of the company, it was said that ‘half a dozen frames, some well-worn type, and a small assortment of jobbing types were all that could be counted upon for an emergency ;’ while of the manager (Mr. Common) it was said that ‘his duties at that time were to furnish the motive power for their single small machine, which was driven by hand, and to manage the business, the latter being by far the lightest duty <sup>5</sup>.’

Up to the end of 1878, ‘the company had to struggle

<sup>1</sup> *Co-operative News*, vol. xiii. p. 799.

<sup>2</sup> *Edinburgh Congress Handbook*, pp. 50, 51.

<sup>3</sup> Broadsheet Report of opening new premises, 1883.

<sup>4</sup> *Edinburgh Congress Handbook*, p. 51.

<sup>5</sup> *Co-operative News*, vol. xvii. p. 1286.

against a multitude of difficulties, which, at times, threatened to prove fatal.' Yet it was able, at the half-yearly meeting held in March, 1875, to declare a dividend at the rate of 5 % per ann., which, two years later, was increased to 7½ %. The sales for the last half of the year 1876 amounted to £254, while the shares amounted to £406, and the loans to £147. In noticing the efforts of the company at this date, the *Co-operative News* commented on the practice of dividing all the profits on share capital, and recommended the shareholders to 'recognize capital, labour, and custom' when dividing the profits<sup>1</sup>.

The business was removed to Chambers-street at the end of 1878, and from that time 'real progress began to be made. Trade increased rapidly; and confidence being by this time established, sufficient capital was forthcoming to admit of necessary additions being made to plant and machinery<sup>2</sup>.' At the end of 1880, the statistics showed 94 members, £1,290 of share capital, £553 of loans, sales for the year, £2,267, and profit £178; while at the end of 1883, they showed 93 members, £1,505 of shares, £767 of loans, £3,027 of sales, and £236 of profit<sup>3</sup>.

In consequence of increased trade 'the directors were obliged to look out for more suitable accommodation. This they were successful in finding' at Bristo-place. 'The property cost £5,000,' and was 'thoroughly renovated and adapted at an additional cost of £500<sup>4</sup>.' At the half-yearly meeting, held on September 30, 1885, the directors reported that 'the extensive premises acquired by the company two years ago have already proved inadequate for its rapidly expanding trade; and large additions have been completed at a cost of over £600, nearly doubling the capacity of the composing and machining departments.' A dividend at the rate of 15 % per ann. was declared, and £62 carried to the

<sup>1</sup> *Co-operative News*, vol. vi. p. 209, and vol. viii. p. 176.

<sup>2</sup> *Edinburgh Congress Handbook*, 1883, p. 51.

<sup>3</sup> Congress Report, 1881, p. 104, and 1883, p. 17.

<sup>4</sup> *Edinburgh Congress Handbook*, 1883, p. 57.



reserve fund. The sales had been 17 % more than in the previous year. It was agreed to issue 500 new £1 shares at par as usual<sup>1</sup>.

. At this meeting, Mr. Common, the managing director, moved a resolution in favour of sharing profits with the employés; and explained that their reasons for not having done anything in this direction before were 'that while they had never lost sight of the desirability of placing their constitution and practice in more direct accord with co-operative principles, they had felt that before such a step could be taken with the prospect of permanent success, both in the interests of the shareholders and workers, the stability of the company must first be assured.' The resolution was agreed to unanimously; and at the next half-yearly meeting it was decided to give the bonus, in the form of a provident fund, on the following conditions: the employés were to be allowed half the profits after 10 % per ann. had been paid on shares. This bonus was not to be paid in cash, but must remain in the hands of the company to accumulate at 4 % interest. Each employé who has been six months in the service of the company has the right to a share of the bonus *pro rata* on his wages. When a participant leaves the employ of the company for any cause, he will be paid the amount due to him; but subject to the right of the directors to declare it forfeited, in whole or part, for any act involving serious loss or damage to the company. In cases of extreme distress, a portion or the whole may be paid to an employé by the directors<sup>2</sup>. At a complimentary dinner, given to the directors 'to celebrate the admission of the employés to a participation in the profits,' Mr. Lindsay (the chairman of the company) said the directors 'believed, by increased skill, promptitude, and energy, the workers could largely increase the business and profits of the company.'

In December, 1886, the company had over 50 employés, and none but society men were employed<sup>3</sup>. At the same

<sup>1</sup> *Co-operative News*, vol. xvi. p. 932.

<sup>2</sup> *Ibid.*, vol. xvii. p. 1038.

<sup>3</sup> *Ibid.*, p. 1286.

date, the position of the company was as follows: 135 members, £4,329 of share capital, £8,132 loans, and £567 reserve fund. The sales for the year were £7,237, on which a net profit had been made of £669; £549 of this went to shares, being equal to  $14\frac{1}{4}\%$ , and £120 went to the workers, or equal to 5% on their wages<sup>1</sup>. The Congress reports show that, up to the end of 1890, the dividends to the shareholders have varied from 13% to  $14\frac{1}{8}\%$  per ann. free of income tax; while the bonus on wages has varied from 10½d. to 1s. 4d. in the pound, during the same period.

In 1888, the company suffered a loss in sales in one half-year of over £1,300, through the opening of the Scottish Wholesale Society's printing department, to which many of the retail societies transferred their custom. This brought the company's profit below the average; but in the directors' report, dated April 2, 1890, they were able to say: 'The half-year just closed has been one of the most prosperous in the period of the company. . . . The limit of production in the present premises has been nearly reached, and until a much-needed extension is arranged, no great increase of trade can be looked for<sup>2</sup>.'

The feeling of the employes towards the manager manifested itself on April 4, 1890, by a testimonial to him, in which they hoped he would be long spared 'to maintain the Darien Press as the model printing office for excellence of work and regard for the workers.' At the same time they presented him with a gold albert, as an acknowledgement, they said, of his 'endeavours to promote our interests, not the least of these being the formation of the provident fund<sup>3</sup>.'

Writing to Miss Potter, on January 28, 1891, Mr. Common said: 'The total number of our employes is 73, very few of whom are shareholders. They show little disposition to apply for shares, and no pressure is put upon them to do so. We have 132 shareholders, of whom 25 are co-operative societies.'

<sup>1</sup> Congress Report, 1886, p. 49.

<sup>2</sup> *Co-operative News*, vol. xxi. p. 344.

<sup>3</sup> *Ibid.*, p. 358.

The balance sheet for the half-year ending February 29, 1892, exhibited the position of the company as follows: Share capital, £6,050; loans, £9,144; employés' provident fund, £767; reserve fund, £1,000; total cost of plant £9,373, deducting depreciation to date £3,922, leaves the present value, £5,451; cost of land and buildings £6,860, deducting depreciation to date £290, leaves the present value £6,570. The sales for the half-year were £4,458, and the profit amounted to £536. Out of this, the shareholders received a dividend of 14 % per ann., free of income tax, and the employés' provident fund received £107, to be allocated on £2,046 of wages.

In June, 1876, the late Mrs. Paterson, who was well known for her devotion to the improvement of the industrial position of women, founded a Women's Printing Society, Limited, with the aid of some well-to-do ladies and gentlemen who desired to assist in her work. The amount of capital raised at the outset was £450, and premises were taken in Great College-street, Westminster. The fourteenth report said, the society at first

'had to contend with the difficulties attending an attempt to introduce women to a new trade. Not only had they hitherto had no opportunity of learning it in all its branches, but it was at first impossible to obtain a thorough training for them. For some time, therefore, the society laboured under the disadvantage of having to fulfil the part of a technical school, while endeavouring, in competition with other firms, to build up the business on sound commercial principles.'

The society was registered under the Joint Stock Companies Act, with shares of the value of £2 each; and the articles provided that after paying 5 % per ann. interest to the shareholders, the remaining profits were to be distributed as follows: 'One-third to the shareholders, and the two remaining thirds to the persons who shall be in their employment at the time such dividend is declared, in the proportion of the amount of wages they have received.'

Mrs. Paterson continued at the head of the society as

managing secretary until her death, in 1886. During this period no profits were made, but a somewhat heavy loss was gradually accumulated. Although no interest was paid on share capital during all this time, the friends of the society increased their contributions, both to meet losses and to provide additional working capital; so that on January 31, 1887, the balance sheet showed a total share capital of £1,527, and an accumulated balance to debit of profit and loss account of £509.

On Mrs. Paterson's death, Miss Weede was appointed managing secretary. Under Miss Weede, the sales for the year ending January 31, 1888, amounted to £1,211; the wages paid to a staff of twelve women and girls, and one man and two boys, had amounted to £486; but this staff had not been in full employ all the year. The report asserted that 'the number of customers has increased from 177 last year to 295 this year, and great satisfaction has been expressed by them with the quality of the work and the speed with which their orders have been executed.' The profit for the year was £263, which was devoted to the reduction of the balance of previous losses.

In 1889, the society increased the number of its customers to 397, and was entrusted with the printing of a small weekly paper. The profit amounted to £254, but £143 was reserved for writing off bad debts, and the remainder was again devoted to reducing previous losses. The sales amounted to £2,144, and the directors reported that 'the profits on the orders executed have risen, although higher wages have been paid; a considerable sum has been laid out on drainage, and the value of the remainder of the lease is being written off.' After doing these things, there was still a balance of profit of £387. Out of this, they wrote off the remaining balance of loss, amounting to £135; and then, 'for the first time since the establishment of the business,' the directors thought that the financial condition was 'so thoroughly sound as to justify them 'in recommending the declaration of a dividend.' Consequently,

after 13 years' waiting, the shareholders received a dividend of 5 %, together with a bonus of about another 1½ %; while the workers had £48 divided amongst them in proportion to their wages.

In 1890, the sales were somewhat reduced, being only £1,919. In the opinion of the directors, this was mainly to be accounted for by the depression in the printing trade. But, they added, 'it is a matter for congratulation that while many workers in the trade were thrown out of employment during the period of depression, the Women's Printing Society was able to keep its staff employed without dismissing any of the workers.' The wages paid during the year amounted to £856. The net profit was £164, out of which were paid a 5 % dividend to the shareholders, and similar bonuses to those of 1889 to shareholders and workers. The reserve fund amounted to £104. £344 had been expended in new type and machinery, which, together with fixtures, now amounted to £948 after deducting depreciation, at the rate of 10 % per ann. on type, &c., and 14 % on fixtures.

For the year ending January 31, 1892, the directors reported the sales to have been £2,902, and the profit £428. Out of the profit, the shareholders received a bonus of nearly 2 % besides the regulation 5 % interest; and the employes received a bonus of £60, on wages amounting to £1,090. The remainder, amounting to £257, was carried to reserve funds, thereby increasing these latter to £425. The share capital, at the above-mentioned date, stood at £1,613. The number of employes was 26. For some years past, all the directors have been women.

The patient enthusiasm of Mr. James Bonar, a member of the Civil Service, was the cause of the formation and continuation of the Bookbinders' Co-operative Society, Limited. Writing on April 26, 1885, to the *Co-operative News*, he expressed surprise 'that productive co-operation has been tried so little, if at all, in bookbinding.' He added :

'Working bookbinders tell me that the machinery and other

requisites to set working a small society, of say half a dozen men and two or three women, would be only, at the most, £200; and, if a small society succeeds, it can easily grow into a large one. They say that with orders to the extent of only 100 or 150 volumes a week, the society could make good profits for its members, after paying all current expenses, including instalments in repayment of the £200 (which must be a loan) and the rent of the premises in a central district, where they ought certainly to be, such as St. Martin's-lane or Fleet-street<sup>1</sup>.

A considerable correspondence was published in consequence of Mr. Bonar's letter. A 'Bookbinder' said '£200 would be more than enough to get the necessary machinery and other requisites.' But he added: 'From personal experience, I think what is most wanted are the books to be bound.' Mr. Robert Hyde drew Mr. Bonar's attention to the Co-operative Printing Society, who were 'bookbinders of many years' standing, and employ some 60 or 70 people in the bookbinding department alone.' Mr. Hyde suggested that, instead of starting another society, as the co-operative printers have a London office, they could well be given the work of binding the '150 volumes a week' which Mr. Bonar thought 'could surely be found by friends of co-operation all over London and the neighbourhood.' Finally, Mr. Thomas Hayes, as an official of the Printing Society, pointed out that Mr. Bonar was wrong in thinking that little, if any, co-operation existed in the bookbinding trade; but in that generous spirit which has always actuated Mr. Hayes, he continued:

'It is not intended to discourage, or in any sense to disapprove of the establishment of a co-operative bookbinding society in London. . . . James Bonar and "Bookbinder" are apparently new recruits in our co-operative army. We cheerfully welcome all comers, although they are liable sometimes to overlook the existence of co-operative institutions which existed long, probably, before they joined the movement<sup>2</sup>'

Notwithstanding Mr. Hyde's appeal for union, Mr. Bonar

<sup>1</sup> *Co-operative News*, vol. xvi. p. 394.

<sup>2</sup> *Ibid.*, pp. 413, 437.

persisted. He said: 'The main difficulty is the supply of orders; but I think that this difficulty will be less felt in London than anywhere else.' He considered that, beside the co-operative societies and clubs,

'there are numbers of sympathizers in all classes of society. . . . They are all of them men of many books . . . usually bound; and if they had choice between binding in the old way of competition, and binding in the new way of co-operation, they would make it a point of honour to give co-operation a trial. . . . Even our wealthy capitalists might help, if only from a salutary fear<sup>1</sup>.'

On August 29, 1885, Mr. Bonar wrote explaining how matters then stood. A lodge had been instituted on June 5 for the express purpose of organizing a bookbinding society. 'This 'lodge included many working men, two of whom were bookbinders.' Since June 5, it had held twelve weekly meetings, in the course of which it had drawn up, for registration, 'the special and general rules of the Bookbinders' Society, Limited; prepared a prospectus for circulation, and appointed (provisionally) the society's first manager.' They had also 'ascertained by letter and word of mouth that there would be a sound prospect of custom for such a society; and they were of opinion that, 'if friends would only take up another hundred £1 shares, the Bookbinders' Co-operative Society could begin business in three weeks' time<sup>2</sup>.'

Mr. Frederick Rogers was the provisionally appointed manager, and business was commenced at the beginning of 1886, when there were 71 members, and £376 of share capital<sup>3</sup>. 'A few months after the start,' Mr. Rogers said,

'we went into temporary premises, and were anxious to do things on the cheap. One of our members happened to be somewhat of an amateur carpenter; and at the end of his day's work at bookbinding, and on the Saturday half-holiday, he

<sup>1</sup> *Co-operative News*, vol. xvi. p. 460.

<sup>2</sup> *Ibid.*, p. 867.

<sup>3</sup> Congress Report, 1886, p. 134.

would set to at carpentering ; and every bench in the place was made by his volunteer work <sup>1</sup>.'

From these temporary premises, the society removed to Bury-street, Bloomsbury, opposite the British Museum. Mr. Rogers gave up the management before the end of the year, because, as he has informed me, he 'was a vellum binder, and they were bookbinders ;' but he helped the new society for another twelve months, by serving on the committee <sup>2</sup>. Some time afterwards, Mr. Rogers became the foreman of the binding department of the London Branch of the Co-operative Printing Society.

The society had a very severe struggle for existence up to the end of 1888. The trade done in 1887 was £519, and in 1888, £572. The balance sheet showed a total loss, up to the end of 1888, of £183. In 1889, the sales amounted to £666, on which there was a net profit of £17 12s. This sum was devoted to the reduction of previous losses. At the annual meeting, held in June, 1891, the sales for the past year were reported to have been £593, and, in explanation of the decrease, the committee said the 'sudden growth of 1889 was owing to circumstances hardly likely to recur, and the smaller trade shows a better proportion of profit. The profit, £45 11s., has again reduced the deficit' accumulated in previous years, leaving it at £119 <sup>3</sup>.

According to information supplied to Miss Potter in 1891, 9 present or past employes were shareholders, and 2 employes were on the committee. A few months before this, Mr. Bonar informed me that about four-fifths of the trade was done with private firms, and the remainder with co-operative societies. When there was full work the society employed 7 persons. The rules provide that the profits shall be divided as follows : 5 % on share capital. Of the remainder, one-twentieth goes to a reserve, and another twentieth to an educational, fund. Then the workers

<sup>1</sup> *Pall Mall Gazette*, May 21, 1886.

<sup>2</sup> *Co-operative News*, vol. xviii. p. 137.

<sup>3</sup> *Ibid.*, vol. xxii. p. 627.



take two-thirds of the balance in the form of shares, and the other third is to be distributed among the retail customers.

The sales in 1891 were £588, on which a loss of £25 was sustained. At the end of 1891, the number of members was 81, and the share capital was £394. The wages paid during the year were £380. The plant stood at £100, the original cost having been £159. The total losses standing to the debit of the society, at the end of 1891, were £144<sup>1</sup>. In their report, the committee said :

‘In order to keep the workers together in the summer, the society was compelled to pay wages when there was little work in the shop. In view of this constant danger of the dull season, we would again urge members to procure customers, especially for that time of the year.’

The 8 hours day had been adopted.

Many of the propagandist publications of co-operators and other similar bodies have been, and still are, published at the expense, and by the initiative, of individuals. In the Owenite days there were, however, quite a series of journals published by associations and communities ; but since the birth of the era of limited liability, the attempts at co-operative publishing have not been numerous. One attempt in Staffordshire has already been noticed. Another effort at Bishop Auckland extended from 1866 to 1871<sup>2</sup>. In 1873, or thereabouts, the late Lloyd Jones edited a workman’s paper on behalf of the northern miners ; but it soon came to grief. In 1885, there were registered, the Edmonton Printing and Publishing Society, and the Commercial Travellers’ Newspaper Society, Castle-street, Holborn. But both of these, I think, were stillborn<sup>3</sup>. Then, in 1889, Mr. Champion transformed his ‘Labour Press’ into a society ; but I think it died at the time of the death of the paper<sup>4</sup>. A number of authors about 1889, joined together, under

<sup>1</sup> Society’s Balance Sheet for 1891.

<sup>2</sup> Wholesales’ *Annual*, 1883, p. 179.

<sup>3</sup> Registrar’s Returns, 1885, pp. 94, 95.

<sup>4</sup> Co-operative Congress Report, 1890, p. 32.

Mr. Walter Besant, to form a co-operative publishing company; but I do not know how far their efforts have been successful; while in 1890, a *Bakers' News* was registered at Chelsea<sup>1</sup>. The *Trade Unionist* was founded by the Dockers' Union, in 1891. At the beginning of 1892 it was merged in the *Workman's Times*, which, I believe, is the property of a private firm.

The only efforts that need extended notice here are, first, the starting of the *Co-operator* in 1860, and secondly, the starting of the *Co-operative News* in 1871. On September 5, 1859, the committee of the Manchester and Salford Equitable Co-operative Society determined to issue a circular to co-operative societies, asking them to help in the establishment of a co-operative newspaper, for the purpose of advancing

'the social and political interests of working men, advocating the principle of co-operation, and serving as a medium for the interchange of intelligence between the various co-operative societies of England. . . . From replies received, and from expressions of sympathy from all parts, the committee decided upon issuing (for the present, at least) a monthly penny journal, which would fairly test the question; and without entailing trouble or expense, in the shape of a conference of delegates, would give to each society a chance to bring their views upon the subject before their brethren in all parts of the kingdom<sup>2</sup>.'

Thus was started the *Co-operator* in June, 1860, as a small eight-page journal, each page being the size of a page of the *Nineteenth Century Magazine*, and the matter being arranged in two columns to the page. The first editor was Edward Longfield, a member of the Manchester Equitable Society, at one time an auditor of the Wholesale Society, and at the time of his death the secretary of the Cobden Mills Company. The July number was enlarged to sixteen pages. In the August number the promoters said:

<sup>1</sup> Registrar's Returns, 1890, p. 118.

<sup>2</sup> *Co-operator*, vol. i. pp. 2, 3.

'We have borne the risk of the experiment because we had faith in it; we saw the *Co-operator* come into existence; we believe it now lives and prospers. . . . Applications are constantly and urgently being made for shares,' and, as 'societies and individuals are alike wishful to secure' some, 'the conductors of this journal . . . have resolved to establish a company forthwith. They propose to register it under the Limited Liability Act; also to issue 10,000 shares at £1 each . . . that co-operators and co-operative societies be equally eligible to take shares,' and that the proposed association be called 'The Co-operative Printing Company.'

In May, 1861, a balance sheet for the first nine numbers was issued, showing that 60,472 copies had been sold, or equal to 6,700 per month; while a net profit had been realized of £12 os. 8d. 423 shares had been taken up in the company by 41 shareholders. With this number the editor had been changed, Mr. Henry Pitman having succeeded Mr. Longfield<sup>1</sup>. Mr. Pitman has informed me that the above-mentioned profit was not really made, as there were unsold copies and bad debts not taken into account; and Mr. Barton, who drew up the balance sheet, has confirmed Mr. Pitman's statement on this point. In July, the company transferred the paper to Mr. Pitman, returning the capital in full to the shareholders, as there had not been sufficient response to the invitation to take up shares, although the circulation was now about 10,000 a month<sup>2</sup>.

Although the *Co-operator* thus passed into private hands, it was sustained by co-operators, not only by the purchase of copies of the paper, but by a system of subsidies to Mr. Pitman, which was commenced by him in October, 1862<sup>3</sup>, and continued by him during and beyond the existence of the paper. His first appeal for help brought in £71 18s. 6d. of subscriptions from societies and friends<sup>4</sup>. In March, 1864, he put the paper into mourning, and announced that he owed his brother, on its account, the sum of £125<sup>5</sup>. The Manchester Equitable Society sent out an

<sup>1</sup> *Co-operator*, vol. i. pp. 33, 170.    <sup>2</sup> *Ibid.*, vol. ii. pp. 19, 47 and 61.

<sup>3</sup> *Ibid.*, vol. iii. p. 97.    <sup>4</sup> *Ibid.*, vol. iii.    <sup>5</sup> *Ibid.*, vol. iv. p. 152.

appeal on Mr. Pitman's behalf, which resulted in donations being received from individuals amounting to £84 8s. 11d., and from 155 societies amounting to £210 18s. 5d., making a total of £295 7s. 4d. During this subscription, it was stated that at numerous places 'the *Co-operator* is given to the members free, or sold at half-price<sup>1</sup>.'

The success of this appeal, and the increased circulation of the paper, caused Mr. Pitman to begin to publish it fortnightly in June, 1865; but in September of the same year he suddenly reduced the size by one-half (to eight pages), saying: 'As soon as co-operative societies bear their share of the expense of propagating co-operation, and recording its progress by contributing a small sum annually to the editorial fund, the *Co-operator* will revert to its former, or an increased size<sup>2</sup>.' In December, 1865, he stopped selling the paper at wholesale prices, and began charging for it at the rate of 1s. per dozen copies, carriage paid, 'payment at the above rate for three months in advance being "expected".'<sup>3</sup>

With 1866 the paper was restored to its former size of sixteen pages, and continued in the same form during the remainder of its career. In this year, William Cooper (secretary of the Rochdale Pioneers) became treasurer to an editorial fund, societies being requested to contribute an 'annual grant of 1d. per member towards sustaining, enlarging, and improving the *Co-operator*.' All the amounts received on this account were not published, the editor usually simply saying some donations had been received which would be acknowledged by the treasurer; £8 14s. 4d. are the only donations printed<sup>4</sup>.

On January 15, 1867, Mr. Pitman issued a 'last appeal,' which resulted in donations being received and acknowledged to the amount of £23 0s. 8d. from individuals, and £70 0s. 1d.

<sup>1</sup> *Co-operator*, vol. v. p. 40.

<sup>2</sup> *Ibid.*, vol. vi. p. 129.

<sup>3</sup> *Ibid.*, p. 169.

<sup>4</sup> Mr. Pitman has assured me that this amount was the total amount subscribed.

from 84 societies. In 1868-9, acknowledgements were made of donations to the amount of £25 14s.; and in this latter year, Mr. Pitman took up the cause of anti-tobacco, and also that of anti-vaccination, in the *Co-operator*. In July, 1870, he published an 'Entreaty,' stating that he was in debt to his printers, 'to the extent of £1,000.' This resulted in donations from 192 societies, amounting to £307 1s. 1d., and from individuals, amounting to £73 17s. 5d. These amounts were increased to 'over £500' by May 24, 1871. Before this date, the paper had changed its title by adding the words 'and Anti-Vaccinator,' while the greater part of the paper was used for ventilating the latter-named subject. With the advent of the *Co-operative News* in September, 1871, the title of 'Co-operator' was dropped, and the journal was carried on as *The Anti-Vaccinator* until December 2, when it ceased to exist. In 1872, the sum of £572 was subscribed to clear Mr. Pitman of his printer's debt; £35 being subscribed by sundry individuals and societies, £125 by Miss Lawson and Mr. William Lawson, and £409 (the balance) by a unanimous vote of the Wholesale Society's quarterly meeting<sup>1</sup>.

The total sums thus contributed to the support of the *Co-operator* during the ten years it was in Mr. Pitman's hands, amounted to, at the least, £1,575, being an average of over £150 a year.

The unsatisfactory condition of the *Co-operator*, both from a financial and propagandist point of view, had the effect of causing co-operators to discuss the advisability of establishing a co-operative paper of a more efficient character, and on a more satisfactory basis. Proposals of this nature were discussed at several of the Good Friday conferences of the Lancashire and Yorkshire Conference Association. One conference, held at Manchester, decided that the new paper 'should not be either advanced or Tory.' The next year, at Leeds, it was 'decided that it should be advanced Liberal.'

<sup>1</sup> *Co-operative News*, vol. ii. pp. 592, 593, and vol. iii. p. 76.

Ultimately, at the Manchester Congress, in 1870, it was resolved, 'That this Congress is of opinion that a newspaper devoted to co-operative interests should be established with as little delay as possible; and that the subject be referred to the Central Board to be appointed by the Congress to carry out <sup>1</sup>.'

Acting on this resolution, the Central Board issued a prospectus; and reported to the Congress of 1871 that 'from the replies received and other indications of support, your board have felt warranted in announcing that the proposed newspaper will make its appearance in the first week of July.' At the Congress there was great contention about the place of publication of the proposed paper—the London section of the Central Board being strongly in favour of London, while the provincial section was just as strongly in favour of Manchester. It was, in fact, a question as to who should have the control; but the Congress closed without settling the question, after passing a resolution as follows: 'That this Congress earnestly calls upon all co-operative, trade and friendly societies in the United Kingdom to take shares in, and become subscribers to, the co-operative newspaper proposed to be established <sup>2</sup>.'

Altogether, 'several hundreds of pounds were spent by the Congress Board in promoting' the newspaper, before sufficient encouragement and support were given to warrant the starting of the paper. However, on June 10, 1871, a meeting was held at Manchester of proposed shareholders, when it was reported that 'about £400 of capital had been promised, mostly by individuals; but £100 of it came from the Wholesale Society.' This meeting decided to form a society, and start the paper as soon as the necessary arrangements could be completed <sup>3</sup>.

Apparently, no time was lost. The Co-operative Printing Society undertook to produce the paper; and, as the promoters had been advised by experts 'that £5,000 at least

<sup>1</sup> Congress Report, 1870, p. 21.

<sup>2</sup> Ibid., 1871, pp. 5, 47.

<sup>3</sup> Ibid., 1873, pp. 93, 94.

would have to be sunk in advertising, canvassing . . . and other promotion expenses<sup>1</sup>, before the paper would begin to pay, they determined to be economical and keep their outgoings as low as possible. The decision to print and publish at Manchester was received with very ill grace by the London members of the Central Board, and the literary help that they had promised to the new paper was refused. This, however, far from deterring the provincial section, acted as a stimulant, and, in spite of all difficulties, the first number of the *Co-operative News* was issued on September 2, 1871. The paper was eight pages, double the size of the pages of the old *Co-operator*; and with the fourth number, the paper was increased to twelve pages, the circulation having reached 10,000 copies a week<sup>2</sup>.

In introducing itself, the *Co-operative News* said:

'We commence to-day a new era in co-operation, an era of journalism. . . . There have been many co-operative journals before, but they have been all of the nature of journals conducted *for* co-operators. The *Co-operative News* will be conducted *by* co-operators<sup>3</sup>.'

The paper made a noteworthy beginning by publishing a series of ten articles by Dr. John Watts. This writer, like Lloyd Jones and G. J. Holyoake, was one of the Owenite socialistic missionaries. Up to the day of his death, he possessed the confidence of the Lancashire co-operators to a degree never equalled by any other person. His articles sketched a complete system of co-operative progress, and had an effect on the movement that has grown stronger year by year. It is the unseen guide even at the present time. He concluded his articles by a summary, in which he advocated the establishment of retail stores everywhere, without overlapping; the formation of building societies in connexion with the stores; the maintenance of one Wholesale Society, to be extended as required; that retail societies should deal exclusively with the Wholesale,

<sup>1</sup> Congress Report, 1873, p. 94.

<sup>2</sup> *Ibid.*, 1872, p. 9.

<sup>3</sup> *Co-operative News*, vol. i. p. 4.

and should refrain, on principle, from buying elsewhere if it could be avoided; that the Wholesale should establish all kinds of factories and workshops for the production of articles required by co-operators; that goods should be imported direct from foreign countries; and that farming should be undertaken wherever it was found practicable<sup>1</sup>. At the conclusion of his article on 'Real Co-operative Production,' Dr. Watts said:

'Every extension which is demanded by an already established distributive trade, and which is entered upon under the advice of practical and successful men in their various departments, and with capital supplied by the stores which are to be customers for the commodities, will stand the best possible chances of permanence and profit, because they will be really and truly co-operative<sup>2</sup>.'

'The first twenty numbers of the *Co-operative News* were conducted by a few members of the board after their working hours, free of all pay, and they were frequently out of pocket in addition. The whole of the promoters and the first board of directors, with nearly all who contributed to the pages of the paper during this time, also did their work gratuitously.'

Among these unpaid workers, Thomas Hayes and William Nuttall deserve especial mention; and it is not saying too much to state that, had it not been for their self-denying, disinterested exertions, the *Co-operative News* would never have survived its infancy. 'At the close of the first quarter it was deemed advisable to elect a permanent editor and manager<sup>3</sup>.' Mr. R. Bailey Walker, a pupil of Mr. Henry Pitman, was the person appointed to fill the position. He held it until the end of 1872 only; and early in 1873, Mr. J. C. Farn, an old Owenite, became editor. During this time the contention over the control of the paper continued, and provoked considerable acrimony and ill-feeling. The tone of the paper was objected to, and the management was accused of partiality. Mr. Holyoake

<sup>1</sup> *Co-operative News*, vol. i. pp. 102, 103.

<sup>2</sup> *Ibid.*, p. 79.

<sup>3</sup> Congress Report, 1873, pp. 93, 94.



characterized the action of the *Co-operative News* management as 'unintended, unavowed, but nevertheless disguised revolt'<sup>1</sup> against the Central Board, or rather against the London portion of it. These strong words were mild compared to some, and the progress of the paper was distinctly retarded by the disputes.

The Newspaper Society was not registered until March 19, 1873<sup>2</sup>; and it was only at the end of 1873 that a balance sheet was prepared, and presented to the members. At the annual meeting, held on February 14, 1874, there was a very large attendance of shareholders; and in opening the proceedings, the chairman (Mr. Hayes) said, 'the long-looked-for day had arrived, and they were able to lay before the members the balance sheet covering the whole period of the society's existence up to the close of 1873.' The share capital was £760. 54 societies supplied £550 of this, and 73 individuals supplied the remainder; £602 had been sunk or lost up to this date; but the paper had now attained to a paying circulation, and 'in view of the fact that those of our friends most competent to judge, warned us at the outset that eight or ten times that sum would be required, we feel that the present financial position of the society is very gratifying and eminently satisfactory.' The Printing Society was at this time a creditor of the *News* to the extent of £1,200, and its generous forbearance alone enabled the Newspaper Society to weather the financial stress, and sail successfully through its difficulties<sup>3</sup>.

At the annual meeting referred to in the preceding paragraph, the directors of the Newspaper Society recommended that societies only should be allowed to become shareholders in the future, and that individual shareholders should be eliminated as soon as possible. To facilitate this process, they had only made recent admissions of individual shareholders 'subject to the condition that the persons con-

<sup>1</sup> Congress Report, 1874, p. 105.

<sup>2</sup> Registrar's Returns, 1873, p. 68.

<sup>3</sup> Congress Report, 1879, p. 31, and *Co-operative News*, vol. iv. p. 85.

cerned should sell out at par in case the meeting decided to adopt the directors' recommendation.' This recommendation was adopted. It was further decided that the Central Board should be allowed one representative on the Newspaper Society's committee, twelve being elected as before by the societies<sup>1</sup>. At the 1874 Congress, this decision was altered by general consent to one representative from each section of the Central Board; and the Newspaper Society's shareholders' meeting of May 23, 1874, ratified this decision<sup>2</sup>. The effect of the peace was quickly seen by the rapid increase in the number of shareholders; and it was reported to the 1875 Congress, that there were now 121 societies holding shares to the amount of £1,034<sup>3</sup>.

In 1875, Mr. Farn ceased to be editor, and Mr. Bamford was appointed to the position. Under his care the paper has had a career of almost unbroken prosperity. The late Mr. Joseph Smith deserves a portion of the credit of this success, for the tact and patience with which he filled the office of secretary of the Newspaper Society for many years. On his death, Mr. Bamford was elected secretary, still retaining the editorship; and his impartiality, joined to a steady-going business capacity, has won for the paper the universal esteem and confidence of co-operators.

The circulation in 1874 was 11,607 copies weekly. In 1878, this had increased to 15,344 copies. Some individual shareholders had presented their capital to the society towards liquidating the deficiency account, while others had been paid off in obedience to the resolution of 1874, and there were very few individual shareholders remaining. Successive falls in the price of paper helped the society materially; and in June, 1877, the loss sustained in founding the paper was swept away. In 1878, the size of the paper was increased. This caused a loss on the year; but in 1879 the circulation again increased, and a profit was once more made<sup>4</sup>.

<sup>1</sup> *Co-operative News*, vol. iv. p. 85.

<sup>3</sup> Congress Report, 1875, pp. 34. 35.

<sup>2</sup> *Ibid.*, pp. 231, 294, 295.

<sup>4</sup> *Ibid.*, 1879, pp. 30, 31.

At the end of 1879, 187 societies were shareholders, with a capital of £1,317. The reserve fund amounted to £637, and the circulation of the paper was about 17,000 copies weekly<sup>1</sup>. Another year saw the circulation at over 19,000, and the profit admitted of the issue of a literary supplement. In 1882, the circulation went up to nearly 22,000, while the reserve fund had increased to £1,559, or equal to 98 % of the share capital. In 1883, the reserve fund was further increased to £1,716, while the share capital was £1,648. With the beginning of this year, the form of the paper was reduced to the convenient size which, in 1893, was still in use, but the number of pages was increased to twenty, without reckoning those used for advertising purposes ; these latter being separately numbered, so as to enable them to be discarded when binding the *News* into an annual volume. This number was afterwards increased to twenty-four pages, exclusive of advertisements, at which size the paper stood in 1893 ; but frequent supplements are gratuitously added, and at the shareholders' meeting, held in February, 1892, the committee remarked that 'with the ever-increasing demands on our space, the multiplication of important meetings such as those of the Wholesale Societies and the Co-operative Union, the publication of supplements will be more frequent in the future<sup>2</sup>.'

The possibility of steadily improving and enlarging the paper is due to the peculiar constitution of the society, which limits share capital to 5 % interest, and provides that 'the surplus profits of the society shall be applied either to the improvement and diffusion of the *Co-operative News*, or to any purpose connected with co-operative propaganda in such a way as may be approved by a majority of the committee<sup>3</sup>.'

At the 1887 Congress, it was reported that the circulation

<sup>1</sup> Congress Report, 1880, pp. 39, 100.

<sup>2</sup> *Co-operative News*, vol. xxiii. p. 181.

<sup>3</sup> Congress Report, 1887, p. 34.

was then 31,500 copies weekly, the share capital had increased to £1,830, and the reserve fund amounted to £2,780. It was now determined to employ the surplus capital in laying down special plant, and printing the *News* by the society, instead of by the Co-operative Printing Society. For this purpose, a machine was purchased capable of printing and folding 10,000 copies an hour; and altogether, a sum of £4,146 was expended. This amount was completely written off by the quarterly depreciations, and by means of an appropriation from the reserve fund in August, 1891, thus leaving the society with a well-equipped establishment, and with its share capital intact into the bargain<sup>1</sup>.

It is due to the societies to point out that the success of the *News* is to some extent owing to the manner in which it has been supported by them. Many societies specially push and advertise the *News* on their balance sheets, and in other ways. Some sell it at half-price, while others supply it to all members gratuitously who will apply for it. In both cases, societies believe that they obtain a profitable return for their financial outlay, by the improved co-operative intelligence of their members after reading the *News*. In 1890, the Newspaper Society contributed out of its prosperity to this propagandist zeal, by reducing the wholesale price of the paper, from 9d. to 8d. per dozen copies<sup>2</sup>.

At the 1887 Congress, it was agreed, without discussion, to waive the right of the Central Board to appoint representatives on the *News* committee. The plan had never worked, and was, from the beginning, almost a dead letter. The sectional representatives were 'never asked to attend the meeting at which the executive is appointed, nor the meeting at which the balance sheet is considered. All the financial and administrative business of the society is transacted at meetings of the elected members of the board,

<sup>1</sup> *Co-operative News*, vol. xxii. pp. 179, 822, and Congress Report, 1888, p. 27.

<sup>2</sup> Congress Report, 1890, p. 25.

to which the sectional representatives are never summoned<sup>1</sup>. In 1888, new rules were adopted by the society, making the alteration thus sanctioned; and the management has since been vested in a committee of twelve persons, elected by voting papers by the shareholders<sup>2</sup>.

The circulation of the paper is still on the increase, and was, at the beginning of 1893, about 40,000 copies weekly. In 1890 a new venture was started, viz. the printing of local monthly records for the societies; and the circulation of these in 1891 averaged 64,000<sup>3</sup>. At the latter part of 1891, the plant was still further utilized by printing a weekly paper for a private firm. While I agree that this was a wise operation, I should prefer the steadily growing resources of the Newspaper Society being devoted to the establishment of a general daily paper, equal in excellence to any now in existence, but superior to them in being used as an exponent of the application, to every department of human life, of the co-operative virtues of truthfulness, justice, and mutual association.

In 1891, the rules of the society were once more altered, to concede a point to the Scotch co-operators. The alterations enabled the Scotch shareholders to vote for eleven committeemen, in common with the other shareholders, and gave them, in addition, the exclusive right of electing a Scotchman on the committee<sup>4</sup>.

At the end of 1891, the number of shareholders was 278, the share capital was £2,451, and there was a reserve fund of £1,978, in addition to the whole value of plant, which had been previously written off. The directors also reported that their premises were too small, and suggested the advisability of erecting a more capacious building, calculated to meet their requirements for many years to come. In 1892, the profit amounted to £743. Nearly the whole of it was added to the reserve fund. In this

<sup>1</sup> Congress Report, 1887, p. 34.

<sup>2</sup> Ibid., 1888, p. 27.

<sup>3</sup> Ibid., 1891, p. 23.

<sup>4</sup> *Co-operative News*, vol. xxii. p. 179.

year, a site had been secured in Long Millgate for new premises; and the Co-operative Wholesale Society had been entrusted with the preparation of the plans. To provide the necessary funds, the share list was thrown open to societies in February, 1893; and almost immediately, some 60 societies subscribed £5,000. This brought the share capital up to about £8,500.

On Wednesday, February 10, 1892, Alderman Duxbury, then mayor of Darwen, who was also manager of the Darwen Paper Company, Limited, gave an official dinner to the directors and head officials of that company, to celebrate its coming of age. At this celebration, the history of the company was recounted by one and another of the officials, but most fully by Mr. William Taylor, who had been connected with the company during the whole of its existence. The *Darwen News* of February 13, 1892, contained a long report of the proceedings; and a pamphlet has since been published, giving a short history of the company. This pamphlet was written by Mr. Taylor and the secretary (Mr. T. Y. Nuttall). From these sources, I have prepared the following condensed statement of the company's origin, progress, and position, at the beginning of 1892.

The establishment of the Co-operative Society in Darwen had so stimulated the practice of thrift, that in 1869

'the store was being overwhelmed with the savings of its members. It had become the bank of deposit for a great number of Darwen families; and there seemed no alternative but to decline any further contributions. In fact, in 1870, a motion was proposed to enforce the repayment of some of the capital. This seemed inconsistent with the co-operative ideal. Co-operators claimed to be able to utilize capital advantageously, and the more thoughtful of them believed that associated labour should make the attempt.'

At one of the annual festivals of the co-operative societies, William Marcroft had dilated with great effect on the glorious results of Oldham working class enterprise; so when the presence of surplus capital began to be felt,

William Taylor, Joseph Kay, and Thomas Shorrock, determined to make a pilgrimage to Oldham, 'and see for themselves what was being done there by working men for their own elevation in the social scale.' On arriving at Oldham, they, said Mr. Taylor, 'inquired for Mr. Marcroft, the apostle of co-operation and joint stock enterprise. Mr. Marcroft received us kindly; and, after we had explained our errand, he took us through the Sun Mill and several other works,' concluding the interview with the advice 'to commence some sort of manufacturing business that was best understood in our town, and to invest all our spare capital in our own town, as far as practicable.'

The deputation returned, continued Mr. Taylor, 'fully convinced that Darwen was a long way behind Oldham; but, so far as we were concerned, it should not be so much longer. We discussed several projects on our way home, and agreed to call a meeting in the conversation room at the store, in School-street, on the following night.' This meeting was held on November 10, 1870, and it decided that 'the best thing to commence would be a brown paper mill.' A small committee was appointed to select a site, and they decided to lease one containing about three acres. As the lessors would not let to a company, two of the committee were deputed to be the lessees, and they obtained 'the land at a rental of 1½*d.* per yard, 'which was to include all water rights to Davyfield Brook, and the right . . . to convey water on to the beating engines without the expense of pumping.' Another privilege was 'the right to one-half of the stream or spring water on the north side of the estate.'

The company 'was registered on February 10, 1871, under the Joint Stock Companies Act, with a share capital of £10,000 in £5 shares. The shares were mostly applied for by members of the co-operative stores. The Darwen Industrial Society took up 200 shares, and agreed to lend the new company £6,000 on mortgage. The Rochdale Equitable Pioneers, the Lower Darwen stores, and the

Co-operative Printing Society, also became shareholders. The management was committed to a board composed of men who had obtained business ideas in the service of the stores, assisted by friends intimate with the waste trade and paper making, who enjoyed the confidence of the co-operative leaders.' No promotion money was paid by the company, and for a time the directors worked without remuneration. But when 'the company began to make 20 % it was thought the directors ought to be paid a salary. A meeting was called, at which it was proposed that they be paid 1s. per week. An amendment was, however, moved and carried that they receive 1s. 6d. per week. The salary gradually grew' larger; but, it was stated at the majority dinner, 'it was not yet very heavy.'

A mill was built on the site leased at Lower Darwen, and the sharp-sighted promoters secured a good bargain in buying two large steam boilers, one of them being new, a large engine, and 9,000 feet of ashlar stone, for £500, from the proprietor of a colliery close to the site, which had just been worked out. One paper-making machine, with the necessary auxiliary machinery, was placed in the mill, and in June, 1872, Mr. Marcroft was invited to open the mill with a silver key, presented to him as an acknowledgement of his services to the company.

The mill became a success at once; and in the forty-ninth report of the Darwen Co-operative Society, for the quarter ending December, 1872, the committee remarked that 'the Darwen Paper Mill Company has been so eminently successful as to be able to declare a dividend at the rate of 20 % per ann. for the past half-year, besides adding some £200 to a contingent fund'. In 1873 'a second machine was started, and the business flourished exceedingly, as well it might, considering the times paper makers were then having.' Dividends of 20 % per ann. continued to be paid, and 'on one occasion 25 % was divided.' Mr. Taylor said :

<sup>1</sup> *Co-operative News*, vol. iii. p. 172.



‘Some of us now lost our heads, and, believing that the millennium was just dawning, we thought if we would only act on Shakespeare’s advice to take the tide at the flood, it would lead us on to fortune.’

Under the influence of this exhilaration, Messrs. Taylor, Croft, and Airey, suggested to the directors the desirability of purchasing the Spring Vale Print Works for the purpose of erecting a white paper mill. The other directors opposed them, the chairman remarking ‘that any man who thought that Spring Vale estate was a good site for a white paper mill did not wear his brains under his hat.’ However, the minority of three were not daunted. They bought the estate themselves, and again offered it to the company without any charge for their trouble, but stipulating that they should have as many of the new issue of shares as they could pay for. In the event of this offer being refused, they proposed to enrol a second company. Their offer was accepted. ‘The company’s capital was increased from £10,000 to £60,000, but £47,000 only was called up. Building operations were commenced in 1875, and by 1879 there were three machines running on “news,” housed in a mill of a plain but substantial character.’ Afterwards the company obtained ‘the Croft estate and a small plot of land called Marl Pit Green, in order to improve their water rights.’

‘For a time after the commencement of Spring Vale Mill the dividends were brought down, the cause being that there was additional capital to share the profits, and the production being small during the development of the works.’ A second cause was the reduction in the margin of profit, the price of paper having been reduced in greater proportion than the cost of the raw material; and a third cause was an unfortunate litigation over water rights and river pollution, which caused so much expense, as to induce the manager to jocularly tell the company’s lawyer, that at Spring Vale ‘they had two machines going for the benefit of the company and one for the benefit of the lawyers.’

These difficulties were successfully surmounted; and a policy of prudent consolidation was entered upon which ensured 10 % dividends, steady and liberal depreciation of buildings and machinery, and equally steady accumulation of a reserve fund. Up to the end of 1891 'Lower Darwen Mill had made an average net profit of 17½ % on its proportion of share capital, and Spring Vale Mill 10 % on the share capital used' by it. Since its formation the company had earned a net profit of £92,017, and paid away in dividends £65,330. The balance sheets for the year 1891 showed the value of paper produced during the year to have been £130,083. The profit for the year was £7,762, out of which £4,780 was taken to pay a dividend of 10 % on the share capital; and the reserve fund amounted to £20,429, being equal to 42 % of the paid-up share capital. The total outlay on land, buildings, and machinery amounted to £121,048, of which sum £45,337 had been written off by depreciation allowances, leaving the nominal value of the assets at £75,711.

The balance sheets for the year 1892 showed the sales for that year to have been £143,614, and the net profit, after providing for the usual depreciation allowances, was £8,628. Of this, £4,780 was appropriated to the payment of a 10 % dividend, and the balance was carried to the reserve fund.

The Rochdale Paper Manufacturing Company, Limited, was registered under the Joint Stock Companies Act in the early part of 1875. It was the outcome of the company fever, which was then raging among the Lancashire co-operators, and was promoted by a small knot of leading co-operators, of whom William Nuttall was, at the time, the most prominent figure. Joseph Kay, then a buyer for the Wholesale Society, was the first chairman of the company, and William Nuttall acted as its first secretary. Mr. Noah Briggs has given me some details of the company, of which I have made the following summary.

The share capital was fixed at £50,000 in £5 shares, and 'the confident promoters did not hesitate in jotting down

their names as subscribers for one hundred shares each.' The freehold estate called the Belfield Printing Works, Rochdale, consisting of 21 acres of land, with ten reservoirs, was purchased; and it was determined to erect a paper mill capable of holding four or five machines. 'The magnitude of the undertaking was soon found to be out of all proportion to the limited amount of capital raised; but, although applications had been made for double the amount of shares to be issued,' the promoters did not trouble themselves to get more share capital, 'as loans only needed to be asked for to be had in abundance . . . This disproportion of share capital to the size of the undertaking constituted the primary error in the early history of the company.'

The total cost of the estate, the new buildings, and the paper-making plant, was £93,000. Beside the share capital and ordinary loans, there was a first mortgage of £15,000 held by the vendor of the estate; and a second mortgage of £10,000, which the Wholesale Society, who acted as the company's bankers, had taken up, in order to cover any advances they might make in that capacity<sup>1</sup>. The Rochdale and Prestwich Co-operative Societies were interested in the company as both share- and loan-holders, but principally on account of loans.

During the process of pulling down the old print works, and excavating for the foundations of the paper mill, an unexpected treasure was 'discovered of large quantities of old brass and copper rollers, and other valuable materials used in the printing trade, which were sold, and realized about £4,000. Instead of this sum being placed to a reserve, or to the credit of plant account, the promoters were struck with the idea of at once paying a dividend; and, as but little capital had then been called up, the rate of dividend proved to be a plumper, which enabled them to place on the market a goodly number of their own shares.'

<sup>1</sup> *Co-operative News*, vol. xi. p. 599.

‘As loan capital rolled in from all sources, orders for machinery and plant were given out right and left;’ but, as the company had still more capital than it required, ‘it was deemed proper to find an outlet for it.’ This was an easy task, as the same little knot of men were interested in the promotion of other companies, and ‘in this way thousands of pounds were re-lent by them to nourish their newly-born bantlings.’

By-and-by, ‘dividends from practical paper-making were impatiently expected, but they were very tardy in showing themselves; and at the shareholders’ meetings awkward questions began to crop up, as to the prospects of receiving the long-promised dividends.’ Then ‘impatient shareholders wanted to know where the reinvestments of surplus capital had been made? Were these investments quite safe? And who had authorized them?’ The disturbance thus caused was intensified by the accounts for the new machinery falling due, while the funds to pay with were not available. The delay in paying produced ‘occasional writs for accounts overdue,’ and matters were further complicated by the ‘clamour’ of the loan-holders, who found the ‘interest on loan capital began to be less regularly remitted, and sometimes forgotten altogether.’ Instead, therefore, ‘of the whole energies and attention of the directors, which had by this time received a sprinkling of new blood, being concentrated on paper-making, the board had to betake themselves to nursing rebellious loan-holders. . . . The sponsors for the unauthorized reinvestment of the so-called surplus capital in their other little undertakings were hard pressed for its repayment. Their coffers were soon scraped, and for a portion of the balance, paper, rags, and other materials were hastily tendered as repayment.’

The Marron Bank Paper Mill Company, Limited, was one of these debtors. It was formed in April, 1875, to take over in May of that year a white paper mill at Branthwaite, near Whitehaven. The purchase price was £10,000, and the company proposed to start with a share capital of £15,000,

in 3,000 shares of £5 each<sup>1</sup>. This company was not able to weather the financial storm that raged. It had to wind up, and the Rochdale Paper Company lost a portion of the loan capital that had been reinvested with the Marron company.

‘The unliquidated bills of the Rochdale Paper Company accumulated until the weight was too heavy to carry, notwithstanding that many wild contracts had been cancelled by permission of the other parties to them. With an original share capital of £50,000, there was a total liability for land, buildings, plant, and stocks of £114,478; and in a declining trade, the best of management must have succumbed under such a disproportionate burden.’

After continued struggling, a petition for winding-up was applied for on September 1, 1880<sup>2</sup>. This application resulted in an attempted arrangement, by which the ordinary loan-holders ‘agreed to allow their loans, to the amount of about £8,800, to remain for five years, and 10,000 new shares of £2 each, of which £1 was to be called up, were to be issued.’ A ‘third mortgage of £23,000’ was also to be taken up, by the first and second mortgagees and by the Rochdale and Prestwich societies<sup>3</sup>.

Notwithstanding these rearrangements, the company could not make headway; and ‘on Saturday, September 23, 1882, a final meeting of the Rochdale Paper Manufacturing Company was called by the liquidators for the purpose of having an account laid before them, showing the manner in which the winding-up of the said company has been conducted, and the property of the company disposed of.’ The Wholesale Society lost £1,750 by this company, about £3,000 by the Marron Bank Paper Company, and nearly £6,000 by the Withnell Paper Company. This last concern cost its owners £13,500. The Wholesale had a mortgage for an advance of over £6,000, and ultimately had to sell the property for £500, owing to the heavy rent-charge on it.

<sup>1</sup> *Co operative News*, vol. vi. p. 166.

<sup>2</sup> *Ibid.*, vol. xi. p. 584.

<sup>3</sup> *Ibid.*, p. 599.

Some of the promoters were connected with all three of these disastrous ventures<sup>1</sup>.

‘ Three out of the four principal creditors ’ of the Rochdale Paper Manufacturing Company, who were also ‘ three of the surviving shareholders, and more or less interested ’ in the mortgages, ‘ formed themselves into a new company, styled the Union Paper Works, Limited, and purchased the plant from the liquidators.’ The new company had only a very limited number of shareholders, and they have ‘ worked the mill more as a private undertaking.’ Its career had, up to the end of 1891, on the whole, been a success ; and those who formed it have reaped a partial recompense for their losses in the original company ; but I have been informed that the year 1892 was not of so favourable a character.

<sup>1</sup> *Co-operative News*, vol. xii, p. 422.

## CHAPTER XXIV.

### SUCCESS AND FAILURE IN AGRICULTURE.

THE attention of co-operators has repeatedly been attracted to the land. The Owenites, indeed, looked upon all other co-operative efforts only as means to get hold of the land, and to settle upon it in the form of self-supporting communities. Later on, the Church of England caught hold of the idea, which brought forth Minter Morgan's scheme of a Christian commonwealth; and the founders of the largest working men's retail co-operative society in Great Britain, the Leeds Industrial, began their operations as a redemption society, whose ideal aim was the establishment of a community of individuals, mutually sustaining and supplying each other.

The efforts at co-operative agriculture that I now sketch, begin with John Gurdon's philanthropic experiments at Assington, Suffolk. This gentleman gave an account of them, in 1864, to the Social Science Congress; so that, as far as their origin and early history are concerned, we are in possession of the founder's own statement.

'In order to raise the condition of the labourer,' Mr. Gurdon 'was induced, in the year 1829, to let an off-hand farm of 100 acres more or less to twenty labourers of his parish, offering to lend them capital without interest to cultivate the same, subject to the rules and regulations as follows: That each member should advance £2 as guarantee. That a manager, accountant, and stock-keeper be selected for conducting the farm. That the capital be paid back as the profits arise. That quarterly meetings be held for the transaction of business, &c. That all necessary articles be provided by the committee for

the use of the members. That if any member be convicted of fraud, or any other crime, he should forfeit his share, which should be sold, and the moneys arising therefrom should form a reserve fund for contingencies.

‘I agreed to let the farm for the rent of the land letting at that time, to be altered every twelve years during my life. As these members were now deprived of all parochial allowance, I called upon each member to insure in the Stoke and Melford Benefit Club for 10s. a week during sickness, 5s. a week after sixty-five, and £5 for funeral expenses. . . .

‘After a few years this society paid me off all the capital I had lent them, which induced me to let another isolated farm to thirty-four other members. This society has also paid off the moneys I lent to them ; so there are now in the two farms 54 labourers, farming about 350 acres, free of debt, and possessing as their own property all the stocks and crops on the said land ; and as each share has been valued at £50, I have bestowed on these labourers the sum of £2,700, at the only loss of the interest of some £1,000 for a few years. Farmers at first were startled at my project ; but when they found I was not taking these labourers out of their former position, that they had the use of these men as before, only a certain number being required for the cultivation of the farms, and that they moreover had men they could depend upon, because conviction of any theft would deprive them of their share in the farms, and also that these labourers were exempt from any parish allowance, they altered their tone, and were willing to confess that the plan had every advantage without any drawback<sup>1</sup>.’

The names of the two societies were, respectively, The Assington Agricultural Co-operative Society, and The Assington Agricultural Association. In addition to the rules mentioned above, there were rules providing that the committees must supply for the use of the members the following articles — ‘household stores, home-brewed beer, milk, pork, bacon, flour, and whatever else may be desirable.’ A member falling into difficulties could have a loan at 5 % interest to the amount of half the value of his share in the farm. The rent of the second farm was £194 a year for 136 acres, with an additional £3 a year for each cottage ; and it was stipulated

<sup>1</sup> Social Science Congress Report, 1864, p. 693.



that the land should be farmed on the four-course system. Mr. Gurdon, writing in 1863, said :

‘ The landlord has also his advantages; less marauding, less poaching, and (in my case) fifty families not only taken off the rates, but paying to them. . . . The editor of the *Agricultural Societies’ Journal* has been down to inspect the farms. He was so pleased with the manager of one of the farms, that he offered to take him as a bailiff at a good stipend ; but the man did not wish to leave his present situation<sup>1</sup>.’

An article in the *Spectator*, in December, 1868, said that the older society was paying ‘ nearly double the rent any single tenant would agree to pay for such land ;’ yet ‘ among the members are four widows, who, with their children, are kept completely off the parish.’ The second experiment (which was started in 1854, with 70 acres) was then occupying ‘ 212 acres at a yearly rent of £325, besides tithes, rates, and taxes.’ It had ‘ accumulated stock worth £1,200, and can sell each £3 share for £30.’ The shares in the older company at the same date were worth £50 each<sup>2</sup>. The acreage of the older company was stated by a member to be, in 1869, 130 acres, for which they paid £197 10s. a year, together with all tithes, rates, and taxes. The quantity taken by the society at first was 66 acres. It was increased in 1855 to 113 acres, and in 1867 it was made up to 130 acres. The number of members was twenty-one<sup>3</sup>.

The success of the two societies was unbroken up to about 1876 ; but as they were not enrolled, and distributed their profits in produce, it has not been possible to get statistics of their annual results. Mr. Hines, visiting them in 1876, thought he saw unmistakable signs of the improvement effected in this small village by co-operation. He said :

‘ There is unquestionably about the men themselves a manlier tone and disposition than is generally found amongst their class, and not that excessive deference, often amounting to

<sup>1</sup> *Co-operator*, vol. iii. pp. 147, 148.

<sup>2</sup> *Ibid.*, vol. viii. p. 818, and vol. x. p. 753.

<sup>3</sup> *Ibid.*, vol. ix. p. 39.

servility, which, on witnessing, makes one feel anything but amiably disposed towards the bygone "pastors and masters" of the agricultural districts<sup>1</sup>.

For several years up to 1883, the societies had to struggle against bad harvests and low prices, together with a ruinous enforced adherence to the old-fashioned farming system. They also complained strongly of the ravages made by rabbits; but, in 1883, they had at last succeeded in getting the rabbits reduced, and the rent reduced also<sup>2</sup>. The older society gradually recovered, and is still going on successfully; but the members are very reticent, and are unwilling to give information. Writing to me in February, 1892, the vicar of Assington said:

'Replying to your inquiries respecting the old unregistered co-operative farm at Assington, I have had great difficulty in getting hold of the present secretary, whose business takes him a good deal away from home. I cannot now tell you much, as the secretary says without the permission of the members his tongue is tied, and some of them are very averse to publicity. I can tell you, however, this much. There are twenty-one members; capital, an unknown quantity; but I understand the present shares are considered worth £40. The profits, when made, are usually divided in kind, half a fat pig, half a ton of coal, or more or less, as the case may be. A member can also apply to the manager for the loan of £1 or so on the value of his share, which, if the funds permit, is granted. The management is in the hands of a manager, a bailiff, and a secretary, more or less controlled by a quarterly meeting of members. Five men and two boys are employed on the farm, including the bailiff, who works as hard as any of them. Those employed are not necessarily members. In fact, at the present time, only one is a member.'

This statement shows that in every feature except one, the association is unchanged since its formation over sixty years ago. That feature is, however, an important one, and has a significant bearing on the problem of co-operative production, viz. only one of the employés is now a shareholder.

<sup>1</sup> *Co-operative News*, vol. ix. p. 554.

<sup>2</sup> *Ibid.*, vol. xiv. p. 293.

At Michaelmas, 1883, it became certain that the younger society, the Assington Agricultural Association, could not live any longer, and it had to wind up, partly in consequence of 'the long series of disastrous years which have ruined hundreds of farmers,' and partly through 'defective management.' It was stated, however, that after paying all debts, including rent, there was a considerable surplus of assets, although nothing like enough to carry on the farm. Animated, therefore, by the laudable desire to save a venerable co-operative landmark from complete effacement, the Guild of Co-operators issued an appeal to the co-operative movement, for aid in starting a new society to take over the farm. The old members undertook to invest about £500 in the new society, and £2,000 was asked from co-operators generally<sup>1</sup>. A balance sheet, prepared by the guild, showed that the old association had, after reckoning off all losses, made £3,074 of profits during its lifetime<sup>2</sup>. On the completion of the winding-up, the shareholders realized £16 10s. each on every £3 share originally paid in<sup>3</sup>.

The new society was registered, under the Industrial Societies Act, as the Assington Agricultural Association, on January 8, 1884. The rules provided for £1 transferable shares, on which 5 % interest was to be paid as a first claim on profits. An additional  $2\frac{1}{2}$  % was also to be paid, out of half the profits remaining after the above-named 5 % had been paid. The balance of profits was to be divided among the workers, in proportion to the wages paid to them.

On January 26, 1884, the first ordinary meeting of the new society was held, and a committee was elected, including Mr. H. J. V. Neale and the vicar of Assington, with Mr. Robert Taylor as hon. secretary. This meeting also decided, by a large majority, to take 120 acres of the old society's farm at 22s. an acre, the funds not being large enough to permit the society to take the whole. I and a few others thought the landlord was too exacting, and we should have

<sup>1</sup> *Co-operative News*, vol. xiv. p. 865.

<sup>2</sup> *Ibid.*, p. 905.

<sup>3</sup> Guild of Co-operators' Report, 1883-4, p. 9.

preferred to have seen the society drop through. The share capital at this date amounted to £911; consisting of £800 subscribed by co-operators and societies, and £111 by the members of the defunct society<sup>1</sup>.

The career of the Assington Agricultural Association has been a disappointing one. In the course of the first year the remainder of the farm was taken, making 223 acres in all; and the first year's balance sheet showed a loss of £266, without reckoning £40 of formation expenses, which were taken as an asset. Each year showed heavy losses, until, at the end of the fourth, the total loss amounted to £1,015, on a share capital of £2,308. The landlord then made an abatement on the rent of 10%; but this was a small reduction considering that the total loss, without reckoning the loss of interest on capital, amounted to the whole rent that had been paid to him. The fifth year showed another loss, making the total £1,260; but the hearts of the committee were gladdened at last in 1889, by the realization of a small profit of £57. 1890 once more showed a loss, this time of £351; making the total deficiency £1,553, on a share capital of £2,309. The report of the committee said: 'Having lost confidence in the manager, we have removed him, putting in his place Mr. Samuel Whymark, an old friend of the association and a shareholder, who gave up a thirty-two years' engagement to serve us.' Under the new manager, a small profit of £14 was made in the year 1891; and the association began the year 1892 with a deficiency of £1,539. During the year, this was reduced £35, being the amount of profit on the working of the farm in 1892. At the annual meeting, the committee determined that unless the landlord reduced the rent 25%, the farm should be relinquished<sup>2</sup>.

The experiment at Blennerhasset, Cumberland, made by Mr. William Lawson, has been fully described by him in a book published in 1874, entitled, *Ten Years of Gentleman*

<sup>1</sup> *Co-operative News*, vol. xv. pp. 108, 163 and 243.

<sup>2</sup> Society's Balance Sheets, and *Co-operative News*, vol. xxiv. p. 104.

*Farming.* From this book I have extracted the brief sketch following. In 1861, Mr. Lawson made a riding tour through England, and was much impressed by the diversity of methods of farming that prevailed in different parts of the country. He also saw Mechi's model farm at Tiptree, and became an enthusiastic convert. His father humoured his whim, and gave him Blennerhasset farm, in October, 1861, to experiment upon. The estate consisted of 333 acres; and to this was added another farm of 87 acres.

He now made a second tour in search of information, and visited the co-operative farms at Assington. He also made the acquaintance of Henry Pitman, through whom, he said, co-operation 'became the chief object of my life; so that I did not so much intend co-operation to serve the purpose of farming as farming to serve the purpose of co-operation.'

'I thought that when I went to the people and said I would co-operate with them, and would divide part of my profits with them, they would jump at the offer, and we should carry all before us. But my astonishment was great when I found that they seemed to care nothing at all about it. I tried for some time; I talked to them, but it seemed to produce no effect. I told them we would discuss the question, "Is it desirable that the workers on this farm should be direct partakers of its proceeds?" I explained to them the meaning of the question, and told them something about what had been done in Suffolk, on the farms owned by Mr. Gurdon . . . and said that in two days' time they should have the opportunity of voting by ballot upon the question. . . . When the poll was taken they did not vote at all as they were expected. Our voting urns were two bottles. One was ticketed with the word "Co-operation," and the other bore the inscription "Every man for himself." . . . What, then, was the result with these eleven people? Actually, ten of them voted for "Every man for himself," and only one put into the "Co-operation" bottle!'

'A year or two later, another scheme was submitted to them. This plan proposed to share the proceeds on certain specified terms. We called a public meeting, and asked the whole of the people, whether labourers or other inhabitants of the village, if the plan should be adopted or not; and we voted by ballot.

... There were fifty-three voters; forty-seven voted for the plan, and six against it.' Mr. Lawson then stated what he would require for the use of his capital, 'and what would go to the labourers.' Only eight would take the trouble to vote. 'Five of them voted in favour of the plan, and three against it. ... The next year (1866) I proposed a different plan. I did not go to the people and put it to the ballot; because it seemed to me that I could co-operate with any number of people, however small; and that if the majority were against me, I could co-operate with the minority. So I offered to the minority or the majority, just as they liked; I offered co-operation to all comers; I said, I will give one-tenth of the profits of my establishment to the workers.'

Mr. Lawson explained clearly the cause of the apathy of the labourers. They doubted his will 'to benefit them by co-operation'; but

'perhaps they were still more doubtful of my ability to do so. They saw me buying and selling but not getting gain; and under these circumstances, it was not to be wondered at if simple-minded labourers supposed that no contrivance could make my co-operation profitable to them. Moreover, they considered my practice of trying experiments upon the farm a great objection to co-operation with me.'

'When the co-operative offer of 1866 was made, it was thought a necessary part of the plan that the workers should at least be consulted as to the management of the business. Accordingly, in this year, a new and important feature was introduced, viz. the "open Council," so called because ... the right to discuss and vote was not limited to the workers; but anyone was welcome to attend and give the benefit of his or her advice.'

The meetings were first held daily, for half an hour after dinner. Then they were changed to Saturdays, from 3 to 6 p.m.; and afterwards, they were held on Tuesday evenings, in the village schoolroom, under the title of the 'Blennerhasset Parliament.'

A 'very great variety of subjects was habitually brought forward and discussed by this assembly. ... The bargains made by the establishment, the cropping of the farm, and other matters ... sometimes were enough to occupy the whole time. ... Several

free reading rooms, a free library, the Blennerhasset Free School, and the free night school, were established through the Parliament. . . . Sometimes the petty disputes of neighbours were introduced for discussion, and there were certainly some advantages in this system of having an appointed place for fault-finding. . . . Through it, too, a number of Cumberland people were enabled to visit the Great Exhibition in 1867, and by its means many of us came to know each other better.'

'In the year 1867 the idea of what was called free co-operation had been brought forward. It seemed to some of us that the co-operative societies of the times were too exclusive in their character, inasmuch as they were societies . . . not aspiring so much to co-operate for the public good as for the good of their respective classes or sets. . . . Accordingly it was suggested that a new movement should be set on foot, having for its . . . object . . . that of being as useful as possible to the public at large. . . . I thereupon published a statement declaring that all the profits over  $2\frac{1}{2}$  % per ann. on a stated amount of capital, during a certain time, would be devoted to the public good.'

'Between 1866 and the spring of 1872, £1,301 12s. 10½d. were expended in one way or another, on what we called "Public Good Account." This was expended on the following: co-operative meetings, agricultural experiments, free library and reading-rooms, free schooling, free baths, a public hall, public assistance, and festivals and trips. These sums were expended under the direction of the village parliament.

Mr. Lawson was very ambitious in his plans of work. He was the first to introduce the steam plough into Cumberland. He started a market garden manure works, a flax mill, a starch mill, and a number of shops for the sale of milk and other produce. To help to make profits, he also mortgaged the farm, and invested the proceeds in American securities. At the end of ten years, his efforts showed losses in seven years, and profits in only three; and the net result was a total loss on the ten years of £18,622 19s. 3½d. He (or his father) paid for the estates £24,120. He spent on improvements £15,067, making a total of £39,188. In 1872, 'it seemed clear that my farming was very far from re-

munerative, and from giving prospect of becoming so . . . so I offered it for sale . . . and it passed from my hands to those of my brother (Sir Wilfrid) at the price of £30,000.' Sundry stock brought the total sum realized up to £33,236. There was thus a loss of £5,951, which is included in the total loss above mentioned.

Besides the 'Public Good' expenditure, the workers received in 1870 a bonus on their wages, in accordance with a promise made by Mr. Lawson at the beginning of the year, to give them half the year's income if it exceeded £1,000. The village parliament sanctioned this offer by 31 votes for, to 17 against, it. The result was a division of £546 among the workers, at the rate of 4s. 2½d. in the pound on their wages for the year. In 1871, the parliament decided that of the income derived from Mr. Lawson's Public Good Capital of £32,780 net, one-third should be devoted to the Public Good, one-third to the payment of bonus to the workers, and one-third to Mr. Lawson's own use. This year, however, ended with a large loss, and no further profits were made.

As the result of the Blennerhasset Public Good propaganda, co-operative stores were started at Dearborn, Wigton, Alston, and Aspatria.

In answer to my inquiries, Mr. Walter Morrison wrote :

'In 1872, the first Agricultural Labourers' Union was formed in North Herefordshire, before Mr. Arch had been heard of. I went down to meet the members, became a member, and finding them to be a very intelligent and respectable body of men, I proposed to them that they should start a co-operative farm. I may mention that the union was very successful, being worked solely in the interests of the men; the secretary's salary being £30, and the other expenses perhaps £20 a year. Wages went up from 10s. to 14s. a week, besides "privileges" worth a shilling or two more; and this without a strike, or any attacks on Church, landowner, or farmer. In fact, it kept clear of party and sectarian objects; the chief weapon used being the migration of surplus labour to other districts.

'Having sent three members of the union, in October, 1872,



to visit and report on the two co-operative farms at Assington, I purchased a small farm which was on sale in the parish of Brampton Bryan. I then prepared rules, met the men from time to time to talk over the project; and on February 1, 1873, a meeting was held, a committee selected, and the society was started.

‘The farm contained 148 acres of arable and pasture land of fair quality, with good farm buildings, two cottages, and an apple orchard. It was particularly suited for barley and rearing young stock. The rent was valued for me at £170; but as it had been let for many years at £140, the rent not having been put up during the great rise in prices at that time, I let it at the lower rent, which was afterwards reduced to £130. I gave the society the option of taking it from year to year, on a lease, or of buying it in instalments spread over twenty years; the option being left open to them through their tenancy. The society entered on the tenancy on March 25, 1873.’

The society was registered as the Brampton Bryan Co-operative Farming Society, on January 18, 1873. The shares were £5 each, transferable, and no one could become a member without the consent, in writing, of Mr. Walter Morrison. A member had one vote for each fully paid share held by him. The profits were to be appropriated, to pay 5 % per ann. on share capital; to pay a bonus on wages, not exceeding one-sixth of the wages or one-tenth of the total profits; and to pay such additional dividend on shares as the shareholders might determine, after providing for educational and reserve funds. The committee consisted of 5 members, and no shareholder with less than 3 fully paid shares was eligible for election. 21 labourers subscribed about £500 of capital, and about £300 more were supplied by 10 other shareholders, including Messrs. Hughes and Morrison. Three men were employed permanently on the farm, and additional labour was occasionally employed<sup>1</sup>.

The society did not succeed. It lived until 1879, when it was wound up<sup>2</sup>. As it never made any returns to the

<sup>1</sup> *Co-operative News*, vol. v. p. 303.

<sup>2</sup> Registrar's Returns, 1879, p. 33.

registrar, I am unable to give positive figures for each year ; but Mr. Morrison told me that at the winding-up, the capital amounted to £808 8s. He further told me that 'no profits had been made, and when we sold off the stock there was a small deficiency. This I made up out of my own pocket, so that the shareholders came out of it with 20s. in the pound.'

Mr. Morrison continued :

'The failure of the experiment was due to the incapacity of the labourers to manage a business undertaking. I gave what time I could, and my visits always produced a good effect ; but they seemed to want continuing direction. Could I have given this, and nursed the society for ten years, or if we had had the luck to get such a man as John Croyse, of Assington, as manager, it would have been a success.'

. In a further letter written at the beginning of 1892, Mr. Morrison said :

'The agricultural labourers showed a real gratitude for my sympathy and evident wish to help them. This was a pleasing experience in my co-operative work. They were capital fellows in themselves, though they could not manage a farm.'

In 1872 a small body of people, under the leadership of Mrs. Girling, formed a community of persons who agreed to live a life of celibacy, and to 'have one table, one purse, and one life.' They were Christians who believed 'that the fourth chapter of the Acts, thirty-second verse, means what it says ;' and beyond this they had 'no creed, or doctrine, or form, but a real enjoyment of a Christ within. Our law of working,' they declared, 'is one for another.' This community purchased a house with 33 acres of land in Hampshire, near Lymington, called New Forest Lodge. To this they added 100 acres, which were bought subject to a mortgage. In May, 1873, they were comfortably settled down, numbering 43, including children. Among them was a lady who had brought between two and three thousand pounds into the common

fund, and a young man, a shoemaker, who had sold his London shop and handed over the proceeds to promote 'this higher co-operative work.' The remainder were gardeners, labourers, carpenters, &c. Besides tilling their land, the community had begun shoemaking, and were talking of commencing the manufacture of agricultural implements.

The community was unfortunate. It was evicted from its land, and for some time led a miserable existence on the highway. In September, 1878, it numbered about 80 persons, and through the kindness of Mr. Auberon Herbert and some other friends, they were allowed to temporarily occupy a ruined cottage and a small field<sup>1</sup>. From here they melted away into the outer world.

The North Seaton Co-operative Farming Society was registered on September 15, 1873<sup>2</sup>. It originated through the difficulty which the workmen at the North Seaton Colliery experienced 'in obtaining a supply of milk for the use of their families. Not only had their children to travel a considerable distance to procure it, but they frequently failed to obtain a quantity sufficient to meet their wants. How to obviate the difficulty became the question of the hour,' and, 'after a few meetings had been held,' the formation of the society was decided upon. 'It was agreed that the capital should be made up of transferable shares of £1 each . . . and a sufficient amount having been subscribed to warrant the commencement of business, application was made to the officials of the colliery, who granted the use of a stable until a more suitable building was erected; and on the following week three cows were purchased, to which a fourth was added in the course of a few days<sup>3</sup>.'

The society was a success from the commencement. At the end of 1874 there were 122 members, with £228 of share capital. The sales amounted to £767. They had

<sup>1</sup> *Co-operative News*, vol. iii. p. 261, and vol. xiv. pp. 620, 736.

<sup>2</sup> Registrar's Returns, 1873, p. 69.

<sup>3</sup> *Newcastle Chronicle*, December 12, 1884.

paid 5 % on shares, and accumulated a reserve fund of £44, which was equal to another 20 % on their capital<sup>1</sup>.

Writing at the beginning of 1892, the secretary said :

‘ We have 32 acres of grass land, our farm being a dairy farm pure and simple. We have at present 13 cows. Two men only are employed on the farm, with the exception of hay-making, when there will perhaps be a dozen. During these late years we have found it very profitable in our line. We have many times had it under consideration to branch out, but have been compelled to relinquish our plans, owing to being hemmed in by grasping landlords and narrow-minded people.’

The balance sheets for the year 1891 showed the share capital to be £330. There were 104 members. The reserve fund amounted to £195. The profit for the year was £91 12s. 11d., out of which a dividend of 10 % was paid to share capital, and one of 7½ % was paid to customers. The sales of milk amounted to £518, and of cattle to £131. The rent paid for the farm is £68 a year. During the year, they had had losses by deaths of cattle amounting to £48, but this had practically been cleared off out of the year’s profits. The manager appeared to be paid 30s. a week. All other expenses seemed very low, the secretary being paid £5 a year, the treasurer £3 10s., the president £1, and the committee £2 12s. amongst them. ‘ Only on two occasions have the committee been unable to declare a dividend on shares, and then it was in consequence of the death of some cows<sup>2</sup>.’ This statement, made in 1884, was still true at the end of 1891.

A paper prepared by Mr. David Johnson, the then manager of the Radbourne Manor Farming Association, for the Congress held at Derby in 1884, gave an account of the origin of that association, and the method of working it. He said :

<sup>1</sup> Registrar’s Returns, 1874, p. 38.

<sup>2</sup> *Newcastle Chronicle*, December 12, 1884.

‘The greater part of us were on the said farm one year and nearly ten months before it became an association farm. Our landlord agreed to give us a share of the profits a year before, should there be any; but we did not expect any, it being in such a bad state. . . . When we began I took a written statement of every field, yard, and all belongings. The ploughed or arable land was foul with switch and weeds, as bad as land could be. The hedges ran wild, and the ditches and brooks were full of mud; consequently the drains were stopped. New draining had to be done, and, where practicable, the old drains taken out, cleaned, and put in again. All turf land and grass was foul with rushes, thistles, and rough grass. A large quantity of ant-banks were on the pasture land; the arable, pasture, and meadow land was completely worn out and waterlogged. The buildings, fences, yards, &c., were in a very dilapidated state, so bad that I do not think a farm could be worse. People said it would never be worth cultivating again.’ The soil is ‘the heaviest working land that can be found. It is blue lias clay—a very tenacious soil—just the kind that all agricultural writers have been writing down for some years, being quite unanimous that such land is not worth cultivating.’

‘The association took Radbourne Manor Farm on a yearly tenancy, from September 29, 1883, and pay a rent of £356 (about £1 an acre) by half-yearly payments. The association hired from Mr. Bolton King (our landlord), stock and implements to the value of £3,304, and borrowed cash from him to the value of £200. It pays 6 % interest on both. The management of the farm is in the hands of a committee, which consists of the manager and two other members, who are elected yearly from among the labourers, by a majority of the votes of all the members present at a meeting to be called for the purpose as soon as possible after September 29 in each year. . . . The accounts are kept by the committee, and are open to the inspection of any of the members, or our landlord.’ The rules of the association provided that ‘the net profits shall be calculated at the end of each year. Of these profits 20 % shall go to a reserve fund, till such fund has reached the sum of £800; 40 % shall be paid to our landlord towards the purchase of the stock and implements, until all such are the property of the association; of the rest, 15 % shall be paid to the manager, and 85 % to the remainder of the members in proportion to the wages they have received during the year. . . . Members retiring voluntarily shall be entitled not only to their

share at the next division of profits, but to their share of the reserve fund (if any), and of all other property of the association. . . . The landlord is secured against dilapidations, and the tenants for unexhausted manures, &c.'

'To carry on this association, I have twelve associates (able-bodied men), two strong youths, and two boys. The men are paid 2s. 6d. per day, the youths 1s. 8d. per day, and the boys 10d. per day. The men are paid 3s. per day in haytime and harvest, and 4d. per hour overtime; the youths and boys are paid similarly for overtime. . . . We have 146 acres of arable or tillage land, and 200 acres of meadow and pasture. Our live stock consists of 56 ewes and 80 lambs, 43 other sheep, 27 milking and in-calf cows, 13 barren heifers, nine steers, and 1 barren cow, 3 feeding cows, 1 two-year-old bull, 1 year-old bull, 30 reared calves, 9 working horses, 1 mare and foal, 3 two-year-old cart colts, 2 three-year-old cart colts, 1 four-year-old nag colt, 3 one-year-old cart colts, 1 good nag horse, and 1 jobbing horse, 3 sows and 27 pigs, 3 in-pig sows, and a large stock of poultry. The wages bill for the year ending October, 1883, was £735 6s. 7d. The farm is 6½ miles from the nearest railway station, and 12 miles from the nearest market town<sup>1</sup>.'

Mr. Bolton King, speaking at the Derby Congress, said :

'When he started this scheme he thought it would be years before the labourers would thoroughly understand the position in which he wished to place them, namely, that they would no longer be in the position of mere wage-earning labourers, but practically their own masters. He soon found that this feeling told upon their work, which was better and more carefully done. There was some little trouble in persuading them not to leave off work exactly at the moment, and that every hour of overtime was really for their own benefit. After an experience of eight months, the great majority of the labourers had fully entered into the spirit of the work, and were co-operating in the system as well as men possibly could<sup>2</sup>.'

The year 1884 showed a small profit after paying interest on capital; £38 of this was appropriated to the redemption of the loan account, £20 to a reserve fund, £8 to educational and charitable purposes, and £41 to the payment of

<sup>1</sup> Congress Report, 1884, p. 46.

<sup>2</sup> Ibid., p. 48.

a bonus on wages to the work-people, at the rate of 1s. 2d. in the pound. A 'Harvest Home' was held on October 25, to celebrate the event, at which Mr. King said

'they had proved that they could, with profit, employ an amount of labour which, if generally adopted, would absorb a large portion of the surplus labour of the country; they had proved that this heavy clay land, over which landlords, agents, and farmers had been raising a chorus of impotent lament, would, with good management and good labour, pay; and they had proved that agriculturist labourers could successfully work a scheme which required no little far-sightedness, no little sacrifice of self, and patient waiting for results which do not come all at once<sup>1</sup>.'

The next year, 1885, left the association with a loss of £612<sup>2</sup>, which Mr. King ascribed to 'the tremendous fall in the value of live stock. . . . Had prices remained steady we should have made a profit of about £200.' In this year, Mr. King had wished to get the association registered under the Industrial Societies Act, but the members 'decided by a majority of one not to register.' With the beginning of 1886, Mr. King formally surrendered to the committee the power which, he said, 'I retained under the original rules for myself and Mr. Johnson of dismissing a member under exceptional circumstances<sup>3</sup>.'

In 1885, Mr. King took a Warwickshire farm on rental from Balliol College, Oxford, and enrolled the work-people employed thereon into the Ufton Hill Farming Association, which was registered under the Industrial Societies Act in April, 1885. There were 407 acres, and the rent, including tithe, was 16s. 10d. an acre. Mr. Johnson was given the management, while continuing also to manage the farm at Radbourne. Mr. King, in his annual address for 1886, said:

'The new farm has made a capital start; it was able to buy its stock at low figures, and though the season has been too

<sup>1</sup> *Co-operative News*, vol. xv. p. 1012.

<sup>2</sup> Congress Report, 1886, p. 140.

<sup>3</sup> *Co-operative News*, vol. xvii. p. 54.

dry for light land in its present impoverished state, the yield of wheat has been higher than could have been expected, and its financial position is fairly satisfactory. . . . It will take several years to bring the land to its full fertility<sup>1</sup>.

The financial position referred to, showed a loss for the first year of £387<sup>2</sup>. As the farms were under one management to the end, I shall continue their history concurrently. It is worth noting that Mr. King was now experimenting with two farms of different characters—one, very heavy clay; and the other, one-third 'stiff clay, and the remainder brashy marl, shallow in places over limestone, less productive than Radbourne, but easier to work, and suffering less from wet<sup>3</sup>.'

In 1886, dépôts were established in Birmingham for the sale of produce, with the object of realizing better prices; but it is doubtful if they achieved their object<sup>4</sup>. No figures are obtainable for the years 1886–7. Mr. King had a very serious illness in 1886, and at one time his recovery was most doubtful. He then went abroad for some months, but before doing so, he wrote: 'The season (1886) was less favourable than last year, and the continued lowness of prices makes it impossible for the present to farm at a profit.' He added that there was a loss of several hundreds of pounds on each farm<sup>5</sup>.

In September, 1887, Mr. King dispensed with the services of Mr. Johnson, and the latter wrote to the *Banbury Guardian* a long letter on the management, &c., of the farms. He complained of not having the power to discharge the men, saying:

'Who is to act or work with a body of labouring men with a committee of management chosen from amongst them, they having scarcely any education at all, no capital at stake, and nothing to care for, only to come to work at 7 a.m., and leave off at 5 p.m.? Yes, very punctual to the minute, down went

<sup>1</sup> *Co-operative News*, vol. xvii. p. 54.

<sup>2</sup> Congress Report, 1888, p. 140.

<sup>4</sup> *Co-operative News*, vol. xvii. p. 718.

<sup>3</sup> Annual Report, 1888.

<sup>5</sup> *Ibid.*, vol. xviii. p. 654.



the tools unless they were paid overtime, although receiving three shillings per week more than labourers on neighbouring farms, and working shorter hours. Yes; all this, and I had not the power under the rules to discharge a man. I could suspend him for a week, call a meeting, and they would all vote for him. No man could I discharge, neither could I reduce the pay. Can you wonder at these said farms losing a considerable sum of money each year, when the men receive pay in sickness, higher wages, and less time, taking five men to do the same amount of work that two men thoroughly interested in their work could do<sup>1</sup>?

To this Mr. King replied that 13s. a week was the ordinary rate as against 15s. at Radbourne, and asked:

‘Is it not foolish on *strictly economic* grounds to keep the labourer’s physique below par? . . . The actual saving effected by a reduction of wages at Radbourne would be under £40 a year. By the short time system, combined with allotments, which I have lately put in force, £50 to £60 will be saved, and the labourers’ incomes not reduced. . . . I have never given to the committee, nor do I intend to give it, more than a consultative power in the management of the farms. As a matter of fact, Mr. Johnson ignored the committee altogether, and hardly ever summoned it. . . . His statement that he was thwarted by the committee is absolutely untrue. As to the responsibility of the men for the financial losses on the farm, during the latter period of his management, Mr. Johnson mixed little with the men, and he is not competent to give an opinion as to the value of their work. I, after taking every care to arrive at the truth, have come to a very different conclusion; and though I am far from wishing to represent the labourers as perfect, I am bound to completely exonerate them from responsibility for the bulk of the loss. . . . I may add that my experience in the past has led me to give the committee for the future a considerably greater control over the finances of the farm. . . . I have undertaken to carry on the farm for two years more in any case. Hitherto, I do not consider that the scheme has received a fair trial; extravagant expenditure, for which I do not want to escape a certain share of responsibility, and the leadership of a man who took little interest in the working of the association, were not calculated to lead to

<sup>1</sup> *Banbury Guardian*, October 6, 1887.

a success. The men have now a fresh start, with a new valuation, a new manager, and improved rules<sup>1</sup>:

In accordance with the rearrangements, the Radbourne Manor Farming Association was registered as an Industrial Society early in 1888<sup>2</sup>; and Mr. King wrote off all losses at both farms, so as to give the new management a good start. The next balance sheet was made up to December 31, 1888, and covered fifteen months for Radbourne and twelve months for Ufton Hill. The results were a loss of £206 4s. 4d. at the former, and of £193 17s. 7d. at the latter. This was after paying interest on loans at the reduced rate of 5 % per ann., amounting in the case of Radbourne to £175, and in the case of Ufton to £129 19s. 2d. The number of workers at each farm had been reduced to 9, including the manager. The report said:

‘At both farms the committee have worked with entire harmony. The season was not on the whole unfavourable to the Ufton Hill Farm. . . . At Radbourne the corn crops suffered severely, both in quantity and quality. . . . The wages of members have been 2s. 6d. per diem. At Radbourne some of the members work on short time during the winter, and have allotments on which they can work on off days.’

The valuer reported both farms to be in good order.

The balance sheet for the year ending December 31, 1889, again showed losses. This time, Radbourne had lost £211 11s. 2d., and Ufton had lost £297. This was after providing for the usual interest payments on loans. The report said:

‘The season was a very fair one. . . . The labour, exclusive of manager’s wages and commission on dairy, was, at Radbourne £1 6s. 11d. per acre, and at Ufton £1 2s. 11d. per acre. There has been no alteration in the amount of capital, number of members, rent, and rate of wages.’

The loan to Radbourne was £2,835, and to Ufton £2,650.

<sup>1</sup> *Co-operative News*, vol. xviii. pp. 1126, 1238.

<sup>2</sup> Registrar’s Returns, 1888, p. 111.

The Ufton farm carried at the end of the year 10 head of cattle, 193 sheep, 12 horses, and 34 pigs. The Radbourne farm carried at the same date 87 head of cattle, 50 sheep, 12 horses, and 11 pigs.

Mr. King, in the report, announced the failure of the experiment thus :

‘As the year has not been unfavourable for farming profits, I consider the experiment has had a fair trial, and that there does not appear to be a sufficient prospect of success to warrant me in continuing it.’ He then enumerated some of the causes of failure, as far as he could ‘estimate them.’ (1) ‘The heavy charges on the scheme. Before any profit can be declared, interest and wages of superintendence, amounting together to 7 %, must be allowed for. A farmer, working on his own capital, would count both these as profit. (2) I am obliged to conclude that the fact that those working on the farm have no capital invested, is a deterrent to the keen interest which co-operation might be expected to inspire. The work has been good and careful, but there has not been that excess of interest and enterprise which I had hoped for. So far as conclusions can be drawn from these two experiments, I think the evidence is against the likelihood of co-operative farming paying at the present day.’

In answer to my inquiries, Mr. King added that the losses in 1887 ‘have been very heavy ;’ and while he could not tell me the total loss incurred by the experiment, he knew that ‘it mounted into thousands.’ The two societies were dissolved in 1890<sup>1</sup>.

At the Congress held in Edinburgh in 1883, the president, the Right Hon. W. E. Baxter, M.P., laid especial stress upon the suitability of farming for co-operative enterprise<sup>2</sup>. In consequence of this, the Scottish section turned its attention to the subject ; Mr. M’Nair, the sectional secretary, reading a paper, in June, 1883, to the Kilbarchan Conference. This was followed up by other conferences in other districts, until, in 1884, a joint committee of representatives from the

<sup>1</sup> Registrar’s Returns, 1890, pp. 124 and 125.

<sup>2</sup> Congress Report, 1883, p. 4.

Ayrshire, Central, Glasgow and Suburbs, and Renfrewshire district associations, was appointed to examine the subject thoroughly, and make a report thereon<sup>1</sup>. This committee published an exceedingly valuable report, in which they discountenanced the taking of a farm of 'the mixed dairy, corn, and green cropping class,' and unanimously recommended 'a combined dairy, cattle, and sheep-rearing farm.' But they added :

'Even this class of farming, to be profitable, will require to be undertaken in conformity with the following conditions : (1) The farm must be large, consisting of not less than 500 acres. (2) The farm must be situated in an early district, and the land must be at least of fair average quality. (3) The greatest skill and experience will require to be employed in the selection of a farm, as the quality of land varies very much in the same parish, in fact, on the same farm. (4) The farm must be presided over in all its various departments by persons of superior ability and experience, and if possible, all employ es should be shareholders, and bonus should be paid upon wages. The opinion that the above class of farming . . . would constitute a profitable investment for the surplus capital of the movement . . . is in conformity with the opinion and advice of all the practical and experienced farmers we have consulted, and is strongly supported by the agricultural returns, wherein it is shown that for ten years past there has been a growing tendency with farmers to give up the growing of corn crops, and to put their land under permanent grass as the most profitable kind of farming<sup>2</sup>.'

The report concluded by recommending the formation of a Scottish Farming Association, with £1 transferable shares, co-operative societies and individuals to be eligible for membership. An appendix to the report gave the 'approximate cost of stock for a farm of 500 acres wrought on the six years' system,' and the probable profits thereon. The capital required was estimated at fully £5,000, and the profit, including interest on capital, at from £366 to

<sup>1</sup> Congress Report, 1884, pp. 32, 33.

<sup>2</sup> Report on Co-operative Farm, 1884, signed by James Deans and James Inglis.

£428, according to the character of the farm that might be taken.

Early in 1885, a prospectus and appeal were issued to the Scottish co-operators asking for financial support, and a first list of promises was given, showing that 9 societies had agreed to take up £375 of shares, and 46 individuals had agreed to subscribe for £131<sup>1</sup>. Progress was made very slowly. The rules were registered on July 20, 1886, and the first annual report, up to the end of 1886, showed that 26 societies had taken up £763 of share capital, and 124 individuals had taken up £298. A call of 5s. per share had been made and paid. But, beside the above, 4 societies and 29 individuals who had promised to take up a total of £250, had failed to respond at the date of the report, while two other societies and ten individuals who had promised to subscribe £99, had now withdrawn their promises. The directors recommended the shareholders to at once 'lease a dairy farm,' and to appoint a committee to make the necessary inquiries<sup>2</sup>. The shareholders' meeting, however, while agreeing that the directors should make inquiries, decided that no steps should be taken towards hiring a farm, until another meeting had been called, and additional capital obtained<sup>3</sup>.

The association had a long spell of uphill tugging for capital; and in August, 1888, they had only succeeded in obtaining £1,253 in hard cash. This they wanted to increase to £2,000; but they determined to make a start, and to this end a number of farms had been carefully examined<sup>4</sup>. In October, the committee were able to announce that they had secured a farm, which, they thought, was in every way suitable. They described it as follows:

'It is named Carlston, at the Torrance of Campsie, 7 miles from Glasgow. . . . It is within 3 miles of four railway stations. . . . The farm is over 280 acres in extent, and has mainly

<sup>1</sup> *Co-operative News*, vol. xvi. p. 185.

<sup>3</sup> *Co-operative News*, vol. xviii. p. 179.

<sup>2</sup> First Annual Report.

<sup>4</sup> *Ibid.*, vol. xix. p. 818.

a southern aspect. There is a good steading on the land, with accommodation for 32 cows and 9 horses, large barn, and various outhouses. It has been leased at what is considered a very reasonable rent, a reduction of over 40 % on the rent paid by a former tenant a few years ago. A bailiff and his wife have been engaged to manage the farm and dairy, and the association takes possession of it on November 23, being the old Martinmas term<sup>1</sup>.

The farm was intended principally for the production of milk. About half was arable and the other half was pasture. By the end of the year, a contract had been entered into with the Glasgow Eastern Society, who had opened a hand-some dairy for the supply of their members<sup>2</sup>.

The balance sheet for the year ending November 2, 1889, showed the results of the first year's operations on the farm. The society had 52 head of cattle, and was supplying both the Glasgow Eastern and Kinning Park Societies with milk. Thirty-six societies had subscribed £1,226 of share capital, and 221 individuals had subscribed £390. The society had a loan of £800, and was owing trade creditors £620. The annual valuation showed stock, unexhausted improvements, and plant, to the value of £2,655; the sales amounted to £1,728, and there was a profit of £82, equal to rather more than 5 % per ann. on the share capital. The directors said in their report: 'The most sanguine amongst us were of opinion that several years might elapse before a profit' could be shown. . . . Providence, however, has smiled on our maiden efforts, and we have been enabled, by favourable weather, to secure an average crop in good condition, and at a minimum expense,' although 'the want of sufficient capital hampered us considerably.' The annual meeting, held on December 28, 1889, decided not to pay any interest on shares for the past year, but to let the profit 'be taken to form the nucleus of a reserve fund<sup>3</sup>.'

Early in 1890, a second farm, that of 'Ballinkeir, in the

<sup>1</sup> *Co-operative News*, vol. xix. p. 1087.

<sup>2</sup> *Ibid.*, vol. xx. p. 35.

<sup>3</sup> *Ibid.*, vol. xxi. p. 11.

parish of Denny, consisting of 90 acres of rich arable and pasture land, was taken on a fifteen years' lease.' The results for 1890 surpassed those of the previous year. The share capital had been increased to £2,548. The stock of cattle had been increased to ninety-eight; the sales for the year amounted to £4,099, and the net profit, after providing according to rule, for the payment of 5 % on share capital, amounted to £343. This was appropriated as follows: To reserve fund, £157; extra depreciation of plant, £50; educational fund, £10; dividend on members' purchases at 6*d.* in the pound, £69; on non-members' at 3*d.*, £17; on £120 of members' wages at 6*d.*, £3; on £607 of non-members' wages at 3*d.*, £8; and additional dividend to shareholders at 3*d.*, £30. This division was in accordance with the amended rules registered on September 8, 1890.

The condition in which the farm stock was kept will be seen by the opinion of a stock dealer at the end of 1889. He 'had recently inspected the animals, and pronounced them to be the best average stock of milch cows he had seen for a considerable time.' Up to June, 1891, the association had exhibited horses and cattle at five different shows, and had succeeded in taking four third prizes, eleven second prizes, and seven first prizes<sup>1</sup>.

In April, 1891, the association 'opened a retail milk shop in Glasgow;' the business being 'run on ordinary lines, and no dividend being given<sup>2</sup>.' The balance sheet for the year ending November 2, 1891, reported the share capital as having been increased to £3,189, and the loans to £2,121. The reserve fund was £239. The valuation of stock and plant amounted to £6,162, the sales for the year were £5,228, and the profit, after paying 5 % interest on share capital, was £11 12*s.* 9*d.* The directors explained that 'the backward state of the weather during the early spring and summer, and the high price of feeding stuffs, have been very

<sup>1</sup> *Co-operative News*, vol. xxi. p. 35, and vol. xxii. p. 686.

<sup>2</sup> *Ibid.*, vol. xxii. p. 303.

much against dairy farming during the past year; and as no corresponding advance has been made in the price of milk, it is only natural that profits should diminish.' The two farms were carrying the following stock: 117 milch cows, 42 young cattle, 14 horses, and 2 foals. The wages bill for the year was £954.

At the annual meeting, held on December 26, 1891, the directors reported that they had 'secured the combined farms of Househill-wood, Rosehill, and Priesthill, situated near the village of Nitshill, and extending to 376 acres of rich arable and pasture lands. These farms,' they said, 'are in a high state of cultivation, and from their proximity to a number of flourishing distributive societies, a ready market will be at hand for our products.' The total acreage held by the association was thus increased to 750 acres, and the total annual rent is £662<sup>1</sup>.

In 1892, the society did not make enough profit to pay the usual 5 % on share capital; so 2½ % only was paid, and a balance of £20 was carried forward. Carlston Farm had been given up at the end of 1892, on account, as the committee explained, of 'the landlord insisting on such terms at the break of the lease, that we were forced in the interests of the association to give it up.' The committee also reported that

'the first year's occupancy of Househill Farms has been attended with the usual difficulties, inseparable from the commencement of such an undertaking; but we think we have got over the worst now. The season all through has been of an almost unprecedented backward nature, and the crops have been correspondingly late. The values of all cereals have been depreciated to an extent never before known, so that our income and money value of stock in hand has thereby been very materially diminished. That such an abnormal condition of things should continue, year after year, need hardly be anticipated, and we are confident in looking forward to better times, and better results attending our efforts in the near future.'

<sup>1</sup> Congress Report, 1892.



At the end of 1892, the association had on its farms, '31 horses, 265 cattle, 27 sheep, and 207 fowls'<sup>1</sup>.

Mr. James Deans, who has been president from the beginning, said: 'In my opinion the credit of our success belongs principally to our farmer. We were very fortunate in securing an excellent man, and the committee have had the good sense not to interfere with him.' Thirty persons were in the employ of the association at the commencement of the year 1892; but only one was a shareholder. Forty-four societies and 218 individuals were the owners of the share capital, in addition to this one employé. The rules provide that each member shall have one vote, societies being allowed to appoint one representative to the shareholders' meetings.

On October 29, 1885, the Rev. W. Bury read a paper in the schoolroom at Harleston, Northamptonshire, to the parishioners on 'Co-operative Farming.' Earl Spencer took the chair, and in the course of the evening expressed the opinion that 'co-operation provided an opening for working men which they could not get alone. . . . And, wishing greatly to try the experiment of co-operative farming, he was prepared to let land and find some capital for the purpose'<sup>2</sup>.

After the meeting, Earl Spencer started the Harleston Co-operative Farm Association, the Rev. W. Bury acting as hon. secretary. 'Forty parishioners were anxious to be admitted into the corporation, but their numbers were reduced by the men balloting among themselves;' and a start was made with eight persons being put on the farm<sup>3</sup>. The farm consisted of 300 acres, at a rental of £400 a year; and Earl Spencer supplied the necessary capital on loan at 4 % interest. The association was unregistered. The land was said to be

'in bad condition, foul and impoverished. . . . The profits, if

<sup>1</sup> *Co-operative News*, vol. xxiv. p. 5.

<sup>2</sup> *Ibid.*, vol. xiv. p. 1017.

<sup>3</sup> *Ibid.*, vol. xvii. p. 111.

any are realized, are to be apportioned, 75 % to the redemption of capital, and 25 % to the labourers<sup>1</sup>.

'The year 1887 resulted in a loss of £207, and the year 1888 ended with a still larger loss of £672. But, it was said, the year 1887 was one of the worst farmers had ever experienced, and a good deal of capital had to be expended in getting things shipshape, while in 1888, the weather had again been bad, and there had been a long drought<sup>2</sup>.'

The *Land Agents' Record* for August 31, 1889, contained an account and criticism of the Harleston Co-operative Farm. It said :

'When first taken in hand by Lord Spencer for the co-operative scheme, the farm was sadly out of condition. . . . The arable land is farmed under a five course shift, the layers of mixed seeds being kept down for two years. . . . The vigorous growth and clean appearance of the pasture showed that . . . it is turned to good account. The ewe flock is limited to 100 ewes ; lambs and shearlings bringing the present number of the flock up to 300. The number of ewes might be doubled with material advantage to the farm. . . . There are 73 head of cattle. . . . There is no dairy, the few cows kept being used solely for rearing purposes, and there are only 4 sows. . . . With the town of Northampton and its 52,000 inhabitants within 4 or 5 miles of the farm, and Althorp Park Station within a mile, the absence of a dairy appears to be a serious error, for there should be no difficulty about the profitable sale of both milk and butter.'

The writer went on to point out the profitableness, under such conditions, of rearing porking pigs, and concluded by saying that this was no fanciful theory, as he could point to a tenant farmer, whose 40 sows enabled him to boast that all the labour of the farm was paid for, by the money received for pigs. The writer, however, paid a tribute of praise to the manager of the farm, 'of whose skilful management the high condition of the farm affords pleasing evidence.'

At the end of 1889 Earl Spencer and the Rev. W. Bury reported :

<sup>1</sup> Congress Report, 1887, p. 28.

<sup>2</sup> *Star*, February 12, 1889.

'We are glad that the hope we expressed in last year's report of being able to turn the corner in the year 1888-9 has been realized. The balance sheet shows a profit of £33 2s. Had it been as good a year for corn as for grazing the profit shown would have been a substantial one. . . . The future of the undertaking depends to a great extent upon the price of corn<sup>1</sup>.'

A reporter's interview with Earl Spencer at the latter end of 1890, throws additional light on the origin and working of the Harleston Co-operative Farm Association. His lordship said :

'Our co-operative experiment began in this way. Some years ago the land was thrown on my hands, and as there was no farm-house, a fresh tenant could not be found. As the rector—the farm is glebe land, you know—was naturally unwilling to incur the large expense of building a house, I had to farm it myself. The result was not satisfactory; so about four years ago, Mr. Bury (the rector) and I drew up a scheme for a co-operative farm. . . . I advanced £3,000 as capital at 3 % interest, the stock, buildings, improvements, &c., then on the farm being valued. It was agreed that the co-operators should have the market rate of wages. . . . In order that the experiment might be really useful we decided that the rent to be paid must be no less and no more than what was fair and equitable, and accordingly it is now about £500. . . . Having provided the capital, I must, of course, have a control over the business. But although in the last resort the appeal must be to me, affairs are largely managed by the men themselves. They elect two of their number to act with the manager as a committee. As a matter of fact I believe the committee rarely meet, because it is found that working every day together, the necessity does not arise. . . . The manager is appointed by me, but in addition to his wages he is entitled to only the same share of profits as the men. . . . In the face of discouragements the men have worked wonderfully well. The prospect of becoming the tenants of the farm, has, I believe, proved a real incentive to industry and steadiness. Only two complaints have been brought before me. In the first case. . . . I had to reprimand the man; since which his behaviour has been excellent. In the second a man was constantly absenting

<sup>1</sup> *Co-operative News*, vol. xx. p. 1253.

himself from his work, and in fairness to the other men he had to be dismissed<sup>1</sup>.

The report for 1890 said: 'The results of the year's operations is an apparent loss to the extent of £20. . . . The association has entered upon a milk trade, which there is good reason to believe will prove a profitable venture<sup>2</sup>.' It also has a butcher's shop in the village, where it retails its own reared meat. For the year 1891, the balance sheet showed a loss of £294 without reckoning any interest on capital, whether 3 % or 4 % is the amount supposed to be credited.

In 1886, the Lancashire co-operators, attracted by the examples of Radbourne and Assington, made an effort to start a North-Western Co-operative Farming Society. It was promoted under the auspices of the Sectional Board, and was registered on October 2, 1886<sup>3</sup>. To obtain the support of societies, several conferences were held, the first being at Pendleton on August 28, 1886, when a paper on the subject was read by Mr. Wm. Booth, and Mr. David Johnson (of Radbourne) attended by special invitation. At this conference, it was suggested to raise £3,000, and hire a farm of 300 acres within a reasonable distance of Manchester. Statistics were given, showing how easily the Manchester societies could take the produce of such a farm ; it being stated that, the Manchester Equitable, Pendleton, Eccles, and Failsworth, Societies at that time were paying £16,182 for milk in the course of 12 months. It was further stated that the Manchester Equitable alone in the course of a year required 80 tons of hay, 70 tons of clover, 34 tons of straw, 6,000 bushels of oats, 450 loads of Cheshire new potatoes, and 5,830 loads of winter potatoes. A resolution in favour of the proposed society was unanimously passed<sup>4</sup> ; but notwithstanding this, and notwithstanding the

<sup>1</sup> *Pall Mall Gazette*, December 5, 1890.

<sup>2</sup> *Co-operative News*, vol. xxi. p. 975.

<sup>3</sup> Registrar's Returns, 1886, p. 95.

<sup>4</sup> *Co-operative News*, vol. xvii. p. 887.

great exertions of the promoters, it was found impossible to raise the required capital. A special general meeting of the shareholders was therefore called on April 6, 1889, when it was decided to wind up 'in consequence of the inadequate response by societies to the several appeals for capital.' The report presented to the meeting showed that 1,255 £1 shares had been applied for, on which the sum of £63 10s. had been paid. The net assets were £59 18s., leaving a slight deficit of £3 12s.<sup>1</sup>

At the latter end of 1891, Mr. Holloway, M.P., adopted a scheme on his estate in the Cotswolds, which is almost identical with the one adopted by Earl Spencer. 'The estimate is about 1,000 acres, tithe free, and the rent is 7s. 6d. per acre, or £375 a year. The live and dead stock, &c., are valued at £5,000, and on this amount 5 % interest has to be paid.' Mr. Holloway has arranged for the agent to receive the same salary as he had previously been receiving, 'and the workmen the current rate of wages.' The profits are to be credited to each man in proportion to his wages, but will be utilized in paying off the £5,000 advanced by Mr. Holloway; and the men will be credited with 5 % interest on any sums thus accumulated. As soon as the loan is repaid, 'all future profits will go to the work-people in cash, to be distributed according to the contribution each of them has made in clearing off the original outlay, Mr. Holloway only receiving his rent of £375.' The concern is not registered as a society<sup>2</sup>.

Seeing the great demand for allotments, especially in the suburbs of cities and large towns, it is strange that more frequent use has not been made of the co-operative principle in obtaining them. The difficulty, as a rule, is getting a landlord to take the trouble to cut up a field; and when he does, he often exacts an excessive rent in return. In 1885, the members of the Norwood branch of the Co-operative Aid Association determined to secure some allot-

<sup>1</sup> *Co-operative News*, vol. xx. p. 363.

<sup>2</sup> *Ibid.*, vol. xxiii. p. 293.

ments, but the difficulty in that district was to obtain suitable land. Acting on their behalf, I was fortunate in enlisting the sympathy of the Ecclesiastical Commissioners, who leased to the co-operators  $5\frac{1}{2}$  acres of ground, at a rental of £12 a year. A society was registered at the end of 1885, under the title of 'The Norwood Gardeners'.<sup>1</sup>

Fencing had to be erected, water laid on, and a road made. These cost about £100; and the money was raised by loans at 5 % among a few sympathizers. The rules provided that each allotment holder should take up a 10s. share, that the profits should be used in repaying loans, and that no profits should be divided among the members until after the expiration of the lease.

The allottees have varied in number from 60 to 70; but there has always been a surplus of applications, and a member giving up his allotment, has been able, subject to the approval of the committee, to transfer it at a premium.

In connexion with the allotments, an annual vegetable and flower show is held. Starting on a very small scale, it has gradually grown until it is the show of the district, and is well supported with prize money and exhibits by the residents.

The yearly balance sheets have shown an average profit of about £15, after paying interest on loans and all other charges. In August, 1891, a misfortune befell the society. The secretary had been instructed to repay loans as profits accumulated. He had done this to some extent, but not as fully as he ought to have done; and at the date of the annual show he ran away, taking with him over £50 of the Gardeners' money, and some of the show money also. As, however, no profits had been divided, this defalcation did not affect the stability of the society; and it is going on, of course this profit minus, but, in other respects, as if the misfortune had not happened.

<sup>1</sup> Registrar's Returns, 1885, p. 95.

Mr. George Heath, secretary of the Middleton Cheney Co-operative Industrial Land and Building Society, has sent me the following account of the origin of their society :

'The members of the Middleton branch of the Banbury Society had held several meetings with the committee of the Banbury Society to consider the best means of getting the land into the labourers' hands, when an opportunity occurred which the Middleton members thought too good to miss. There was offered for sale a small field of good red land, close to the village, about 13 acres, with a labourer's cottage and farm buildings upon it. We purchased the same for £900, £350 being raised by twelve members, and £550 being borrowed on mortgage. We took possession in October, 1886, and in the summer of 1887 some of the farm buildings were pulled down, while a barn was converted into three cottages, and a room was built in which to hold meetings.'

The society was registered on November 2, 1886, the objects being to buy and sell land and buildings for garden allotments, &c., &c. The shares are £1 each, and every member has to hold at least two transferable and three withdrawable shares. After paying 5 % on shares, the net profits are to be divided among the members, but in what manner the rules do not say.

Mr. Heath also informed me that in October, 1889, the society 'took a field of 24 acres on a lease of seven years. Twenty acres of this are let out in half-acre to three-acre lots ; and the remainder is farmed by the society until someone wants it. These allotments are let at 35s. an acre, including all rates and taxes. For the allotments on the 13 acres of our own land we get £4 an acre, as it is better land and nearer to the village.' The society pays 30s. an acre for the land they lease, and the difference of 5s. between what they pay and what they charge, covers both the rates and the working expenses.

The total expenditure on their freehold property, including the conversion of the barn into cottages and the erection of a meeting-room, was £1,155. According to the

Banbury *Record*, of December, 1889, the room is a great benefit to the district. It is let out 'to the Salvation Army, or for any social or political purpose, and is known for miles around as the "Co-operative Room."' In 1891, the society erected four more cottages at a cost of £423; and their balance sheet for December, 1891, showed them to have £966 of share capital, and £500 of loans. For the latter they pay 4 % interest. Their profit for the year was £22, all of which was taken to reduce land and buildings account. The society numbers 24 members.

At Michaelmas, 1891, the Cambridge Co-operative Society took a farm of 78 acres, mixed arable and pasture, on a seven years' lease, at a rental of £2 per acre. Mr. Mills, the secretary, has informed me that the society has let a portion of the arable land for allotments, and is retaining the remainder of the farm for the general use of the society. The allotment rents are 9d. per pole, or at the rate of £6 per acre per ann. Although this rate seems high as compared with the rental the society is paying, I am told that it is £2 an acre less than other allotments are let at; and it therefore shows how distributive societies can beneficially help their members, by following the example set by Cambridge. Mr. Mills has further informed me, that in 1892, they grew a variety of crops on the farm, and realized a profit on the year of £156.

The Cleator Moor Society has also for years let about 10 acres of their farm 'in allotments to members of the society.'

I have now to scan the efforts of the distributive co-operative societies, to add the department of agriculture to their other developments. As they are somewhat numerous, I shall group them in order of the sections of the Co-operative Union.

The only enterprise in Scotland is the one undertaken by the Scottish Wholesale Society. In the summer of 1891, a grazing farm of 280 acres, named Carbrook, in the carse of Stirling, near Larbert, was leased on a rental of £490



a year, the intention of the directors being to use it for 'the raising of fat stock'.<sup>1</sup> During 1892, the Scottish Wholesale Society also leased 'for the season, a few grass parks on the Dunmore and Carnock estates for the grazing of cattle;' and at the December shareholders' meeting, the directors took 'power to lease one or more farms in any part of the country, should a favourable opportunity offer itself;' the reason alleged being that 'all the cattle that can be reared on one farm is about 150, or five a week'.<sup>2</sup> The balance sheet for December, 1892, showed that a loss had been made on the year's working of the farm of £314. This did not include interest on the capital necessary to work the farm. At the end of the year, the stock and implements were valued at £4,739. This included the value of 13 horses, 40 cattle, and 315 sheep. The value of produce sold off the farm during the year was £10,062. The directors reported that all the crops 'had been secured in favourable condition'.<sup>3</sup>

On February 29, 1892, the Dunfermline Society held a special meeting to consider the advisability of purchasing a farm of 264 acres 'in the immediate neighbourhood of the town,' for which the sum of £15,500 was demanded. The committee employed a land valuer, who reported that the farm was only worth £11,000. A resolution was moved 'to the effect that the latter sum should be offered for the farm, but it was lost by 'a large majority'.

Another special meeting was held, on August 11, 1892, to consider the desirability of taking three farms, named Pittencrieff, Urquhart, and Logie. They were said to be 'close to the town,' were 500 acres in extent, and 'were in capital condition.' An estimate was laid before the meeting of the value of the farm produce annually consumed by the society. It amounted to £5,416, including a sum of £152 paid for

<sup>1</sup> *Co-operative News*, vol. xxii. pp. 796 and 892, and Congress Report, 1892.

<sup>2</sup> *Ibid.*, vol. xxiii. pp. 581, 1325 and 1327.

<sup>3</sup> *Ibid.*, p. 1325.

<sup>4</sup> *Ibid.*, p. 236.

the rental of 'grass parks.' The meeting decided by 131 votes against 119, to empower the committee to rent the farms. The committee thereupon took the farms on a lease of ten years, at a rental of £1,100 a year; and it was decided to carry on the business of dairy farmers<sup>1</sup>.

The Aspatria Industrial Co-operative Society had about 7 acres of land as early as 1881 or 1882. In 1884, a little more was added; and in 1886, East Mill Farm, consisting of 32 acres, was rented, and 28 head of cattle was placed on it<sup>2</sup>. The first year's operations resulted in a profit of £41, besides paying interest on the capital invested<sup>3</sup>. The second year showed a loss of 6s. 5d.<sup>4</sup>, and the third year (1889-90) a loss of £65 6s. The holding consisted of 63 acres, which for the year had been worked as follows: 38 acres pasture, 16 acres fallow, 6½ acres seeds, and 2½ acres wheat. The valuer reported, 'the whole farm reflects the greatest credit upon those who have the management.' The receipts for the year from the farm were £1,784, and the wages amounted to £128<sup>5</sup>. This bad result caused the society to give up the farm in 1891. Mr. Cooper, the secretary, told me that

'the rent was 44s. per acre. We mostly used the land for fattening cattle, with the exception of four cattle we kept for milk and butter. The average number of cattle kept on the farm was twenty-eight. . . . I attribute the loss to the smallness of the farm. If we had gone in for a farm of 100 acres, then I am sure we could have made farming pay.'

Stimulated by the success of the North Seaton Farming Society, and the more recent experiment of the Barnsley Society, several conferences were held in 1885-86, in the Northern Section, to consider the subject. This resulted in several societies taking up farms. One of the earliest was the Bedlington Society. In 1886, the society hired a farm of 84 acres<sup>6</sup>, and took possession at the latter end of the

<sup>1</sup> *Co-operative News*, vol. xxiii. pp. 916 and 1140.

<sup>2</sup> *Ibid.*, vol. xviii. p. 970.

<sup>3</sup> *Ibid.*, vol. xix. p. 158.

<sup>4</sup> *Ibid.*, vol. xx. p. 292.

<sup>5</sup> *Ibid.*, vol. xxi. p. 127.

<sup>6</sup> Congress Report, 1887, p. 28.

year. I have no return of the results for 1887, but since that year they have been as follows: 1888, profit £16; 1889, profit £12; 1890, profit £92; and 1891, loss £29. The rental paid for the land was £146. In 1889, the acreage was reduced to 75, and the rental to £133; and in 1890 the acreage was said to be 74, with a rental of £116<sup>1</sup>. The society grows potatoes, turnips, wheat, oats, and hay, all of which are consumed through the store. There are 57 acres of arable land, and 17 acres of pasture. The farm is held on a fifteen years' lease at 29s. per acre, which the secretary considers is too high<sup>2</sup>. It was said that

'the farm was in a very poor condition when the society took it, and required a considerable outlay of capital to improve it. . . . They feed cattle and breed pigs; so well satisfied are the members with the result of their farming experiment that they have authorized the committee to take over two farms which were to let in the neighbourhood. They advise purchasing instead of renting, and say they would have done better if the farm had been their own property<sup>3</sup>.'

The capital employed on the farm is about £800.

In 1884, the Cleator Moor Co-operative Society took a farm of 55 acres, at a rental of £148 a year<sup>4</sup>. About forty plots were let as allotments, at rents varying according to the size, from 5s. to 30s. each per ann. 'The land is much cut up with pits, tramways and ironworks.' At the beginning of the tenancy, the farm was all pasture and meadow. The society works it in connexion with its cartage department, and the accounts of the two cannot be separated by me. For the year 1885, the profit of the combined departments was £171. The farm was then carrying 9 horses, 10 cows, and 25 pigs<sup>5</sup>.

According to returns made to the Central Co-operative

<sup>1</sup> Congress Report, 1889, p. 25; 1890, p. 33; 1891, p. 31; and 1892, p. 32.

<sup>2</sup> *Land Agents' Record*, November 29, 1890.

<sup>3</sup> Leeds Society's Special Report on Farming, 1891, p. 7.

<sup>4</sup> Congress Report, 1887, p. 28.

<sup>5</sup> *Co-operative News*, vol. xvii. p. 1030.

Board, the actual profits on farming, without reckoning cartage profits, were, in 1887, £100; in 1888, £60; and in 1891, £133<sup>1</sup>. The annual balance sheets of the farm and cartage together, for 1889 and 1890, show profits of £403 and £381 respectively. I presume that to arrive at the farming profits, the secretary has made a dissection of the accounts, without printing or publishing them. According to the annual balance sheet for 1890, which is the last I have been able to get, the acreage was 54½, of which 26½ had been pasturage, 15 hay, 2 turnips, ¾ mangold, and 10 sublet as gardens. The sales of milk and poultry, and garden rent receipts, amounted to £377; the sales of cattle, potatoes, butter, and wheat, came to another £183; making a total of £560. The valuation of stock, &c., was £813.

Mr. Jesse Hall, secretary of the Consett Society, has given me complete information of the farming operations conducted by that society. In May, 1889, the society took a fifteen years' lease of 'Number One Farm,' containing about 76 acres of grass land, with a roomy house, in a central position on the farm, at a rental of £75 a year. On this, with the consent of the landlord, were built cow byres and poultry-houses for 34 cows and 100 fowls. In addition, the society already had 20 acres of grass, which were held on a fifteen years' lease from May, 1885, at £2 per acre.

The result of the first year's operations, up to May 31, 1880, was a net profit of £35, and the second year showed a net profit of £69. Out of this had to come the interest on capital, £1,100 at 5%, or equal to £55, leaving a net gain of £49 on the year's working. This was after writing £67 off building and fixtures account, valued at £595. During the year ending May, 1891, the society had had an average of 25 cows in milk, and each cow had produced on the average 896 gallons, which, at 9d. per gallon, gave £33 12s. per cow for the year. The retail milk department,

<sup>1</sup> Congress Reports, 1888, p. 29; 1889, p. 25; and 1892, p. 32.

after paying the above price to the farm, has been able to make a dividend of 2s. 8d. in the pound on its sales.

The members were so satisfied with the results that, in November, 1890, they bought the Bunker Hill estate, about a mile from Consett, close to the leased farm, consisting of 224 acres, for the sum of £3,600. Mr. Hall wrote :

‘ The buildings are in a dilapidated state, having been much neglected ; the fences are all more or less bad, and the land is in a sour and poor condition, for the want of proper drainage and general good management. The farm has been worked on the exhaust system for years. The rent was at a low figure, £120 per annum ; but the tenant was always complaining about his hard lot, and of not being able to make ends meet. However, when the opportunity was given him to remove, he was reluctant to go, and would have liked to have continued in the tenancy. The bad name thus given to the farm operated at the sale in our favour, and we got it cheap. We have since been offered £5,000 for it. The farm is surrounded on three sides by public highways. The situation is good, and the major portion of the land has a southern aspect. The soil is of a heavy clayey nature, with a strong subsoil ; all capable of great improvement by drainage and good management. We intend to work it as a general farm. I anticipate we shall have to spend £1,000 to put the place into shipshape, and that a period of three or four years will elapse before a good return is got. If the co-operative patience can be got to wait so long all will be well. Land adjoining ours, and in a worse position and condition, has been sold at from £40 to £46 an acre.’

The profit on the joint farms in 1891 was £104<sup>1</sup>.

In 1866, the Derwent Flour Mill Society, Shotley Bridge, leased a farm of 150 acres for ten years, at a rental of £220 per ann. There were 60 acres of grass and 90 acres of arable land. According to information supplied by the secretary to Mr. George Hines at the latter end of 1890, there were five men, a strong youth, and the manager's wife employed on the farm, and the wages bill amounted to £6 8s. a week. The manager and three other men were supplied with house and firing free, and with 40 stones of

<sup>1</sup> Congress Report, 1892, p. 32.

potatoes each annually. I have no figures earlier than for 1888. In that year, the balance sheet for the farm showed a net profit of £189. Of this, £89 was applied to the payment of 5 % interest on the capital required to work the farm, and the remainder was written off implements account. The receipts for produce amounted to £1,791, and included cattle (£1,199), sheep, pigs, horses, dairy and poultry produce, hay, grain, potatoes, and wool.

The profit for the year 1889 was £103 6s., of which £90 went to pay 5 % interest on capital, and the remainder to reduction of implements account. The society was so well satisfied with the results, that in addition to the Low Waskerly Farm, already in its hands, the Morrowfield Farm of 240 acres was leased in May, 1890, and it was expected to be able to farm the larger quantity to greater advantage. The rent of the latter farm is £150 a year, on a ten years' lease. It is about half grass and half arable.

I am not able to give any further figures concerning these farms beyond noting that on February 7, 1891, the society had £3,640 of capital invested in them, as per the balance sheet of that date ; and £90 had been credited by the farms for interest on capital during the year.

Among other societies in the Northern Section which have more or less of agricultural land in their hands are Birtley, 15 $\frac{3}{4}$  acres ; Guisborough, 11 acres ; and Willington, 10 acres. These are, I believe, simply for the use of their horses, or for the butchering departments, as accommodation land. Then there are Egremont, 43 acres, with a rental of £95 a year ; Middlesbrough, 28 acres, rent £85, and profit in 1891, £3 ; and Naworth Colliery, 25 acres, rent £23, and a loss in 1891 of £6<sup>1</sup>. The Middlesbrough Society's secretary told me that their land is all grazing for the convenience of the butchering department. They had had it three years at the end of 1891, and pay £3 per acre for it.

The Chester-le-Street Society has a farm of 214 acres.

<sup>1</sup> Congress Report, 1892, p. 32.

It is held on lease for 21 years at a rental of £330 a year. Forty acres are permanent grass and the remainder are tillage. They employ on it a capital of £2,200, and in 1891 there was a loss of £42. The Seaton Delaval Society also has a fairly large farm of 254 acres. The valuation of the stock, &c., at the end of 1891, was £1,419, and the rental is £350 a year, on a five years' lease<sup>1</sup>. Mr. Baxter, the secretary, said the society feeds cattle, sheep, and pigs, for the butchery department. About 113 acres are grass land, and the remainder is arable. In 1891, a net profit was made of £110 17s. 1d., out of which interest had to be paid.

In August, 1890, the Newcastle-on-Tyne Society decided to purchase a farm 'situated about half a mile from Morpeth. It had been chiefly used as pasture.' The society took the farm into its own hands in June, 1891<sup>2</sup>. Mr. Howat, the secretary, wrote me early in 1892, 'The farm is freehold and cost £60 per acre. There are 122 acres. It is being utilized for the production of milk. Thirty cows are now in stock, and the number will be increased to forty. A field of seventeen acres is being put into cultivation for vegetable and fruit production. At present we have only six employes permanently engaged.' The total capital employed on the farm at the end of 1891, including the purchase money, was £9,022<sup>3</sup>. The committee's report for the year ending June, 1892, said, 'A heavy outlay has been unavoidable in order that the land might be brought into an improved state of cultivation for the growth of vegetables and fruit.' The result of the year's working was a profit of £12 6s. 7d. The produce sold amounted to £1,358. The wages paid were £459<sup>4</sup>.

At the latter end of 1886, the Newbottle Society 'rented a dairy farm from the Earl of Durham, and commenced to

<sup>1</sup> Congress Report, 1892, p. 32.

<sup>2</sup> *Co-operative News*, vol. xxi. p. 785, and vol. xxii. p. 425.

<sup>3</sup> Congress Report, 1892, p. 32.

<sup>4</sup> *Co-operative News*, vol. xxiv. p. 836.

sell the milk, butter, and other produce to its members<sup>1</sup>. In September, 1889, the society's manager, Mr. Scott, showed the farm to a deputation from the Sunderland Society, and gave them the following details of the results of their operations: 'During the three years we have been farming, the accounts show a profit of £199 6s. 10d., or £31 17s. 1d. more than the capital invested in the undertaking. . . . The farm produce has been debited to the distributive departments at current market prices, and their success is due to the fact that they only produce for their own requirements<sup>2</sup>.' According to the annual farm balance sheet for 1889-90, the total receipts for produce, &c., were £493: £172 of this were for milk and eggs; £60 for pigs and poultry; £236 for potatoes, hay, barley, and oats; and £25 for grazing and cottage rents. For the year ending May 1891, the profit was £45, and for 1892 it was £59; but they, this year, increased their holding of land from 50 acres at £116 a year rent, to 95 acres at a rental of £183 a year. The capital required to work the enlarged farm is put down at £600<sup>3</sup>. Judging by the balance sheets, interest is not charged to farm expenses before declaring the profit.

The last farm to notice in the Northern Section is that of the West Stanley Society, at Burnopfield. This, according to details supplied by the secretary to Mr. Hines, was, taken on a twenty-one years' lease at the end of 1886. The farm consists of 85 acres arable, and 101 acres pasture and meadow; the rent being 11s. per acre including tithes. The secretary said:

'The land had been impoverished for years, and the expenses in manuring and cleaning have been very heavy. . . . We are able to grow for ourselves all the feed requisite for the horses employed by the society, and are therefore sure of the quality. We also have an outlet for our butchering, by being able when markets are favourable, to buy large quantities of stock and

<sup>1</sup> *Co-operative News*, vol. xvii. p. 81.      <sup>2</sup> *Ibid.*, vol. xx. p. 1069.

<sup>3</sup> Congress Reports, 1891, p. 31, and 1892, p. 32.



feed them on the farm until the butcher wants to kill them. We shall soon go into the dairy business and supply our members with milk.'

The annual balance sheet of the farm for the year 1889, which was sent with the above details, showed that the sales of produce for the year amounted to £999. Of this, cattle, sheep, and pigs, realized £545; potatoes, hay, straw, grain, &c., £372; and grazing, rents, &c., £82. The capital employed on the farm has grown from £1,250 in 1887 to £2,100 at the end of 1891<sup>1</sup>. This increase is partly due to the erection of new stables and poultry houses to the value of about £370. The first year's working showed a profit of £28; and the second, a loss of exactly the same amount. In 1889 there was a profit of £150, and in 1890 another of £33. But in 1891 there was a loss of £143, which the committee considered was 'mostly due to the very unfavourable season, both the hay, grain, and potato crops having suffered considerable damage by the wet weather, and the live stock having also been severely affected by the same.' They added that 'they have now made a commencement with dairying, and fully expect this will make a change for the better<sup>2</sup>.'

The total acreage thus occupied by co-operators in the Northern Section is 1,878 acres. In addition, the following societies held small quantities of land for grazing purposes in 1888, but I do not know if they have since been given up: Broomhill, 18 acres, rent £36 a year; Annfield Plain, 16 acres, rent £40; and Seaham Harbour, 10 acres, rent £36<sup>3</sup>. Judging by the tenour of the discussions at the northern district conferences, in 1891, and the decided character of the resolutions passed in favour of dairy farming especially, the quantity of land held by the societies in those districts will be rapidly increased.

The Halifax Society may claim the credit, I think, of

<sup>1</sup> Congress Reports, 1888, p. 29, and 1892, p. 32.

<sup>2</sup> Ibid., 1888-92, and *Co-operative News*, vol. xxiii. p. 117.

<sup>3</sup> Congress Report, 1888, p. 25.

being the oldest co-operative farmers in the North-Western Section. Mr. Shillito told me that they took a farm of 48½ acres in 1865 on a fourteen years' lease, at a rent of £175 a year. In 1879, the lease was renewed for another fourteen years. Mr. Shillito wrote: 'When we first took possession of the farm, we expended on slaughterhouses, piggeries, and other outbuildings about £600; but we have written this off, with depreciation, and we have no assets there now. It is not our intention to lease the farm again.'

The reason they do not intend to take the farm again, will probably be found in the following statement, made by Mr. Shillito at a South Yorkshire district conference on July 11, 1885: 'For many years they had lost between £150 and £200 a year upon the farm; but they had it on a lease. It is on the eastern portion of a hill, and it catches a very considerable portion of the smoke from the town<sup>1</sup>. Of late years, the farm has not been quite so bad. In 1887, there was a loss of £76, and in 1888, one of only £8. In 1890, there was a profit of £21, and in 1891, another profit of £40<sup>2</sup>. The farm is used mostly in connexion with the butchery department.

In 1885, the Barnsley British Co-operative Society took a farm of 133 acres, at a rental of £230 a year, for dairying purposes. By the middle of the year they had 65 head of cattle on the land, and were milking 22 of them. Milk, 'was formerly 4d. per quart in Barnsley, but as soon as the society took the farm the milk vendors had a meeting and decided to reduce their price to 3d.<sup>3</sup>' By May, 1886, the stock had been increased to 148 cows<sup>4</sup>.

The venture was unsuccessful for several years, except in the important matter of universally reducing the price of milk in Barnsley by 25%. In 1887 there was a loss of £142; in 1888 another of £124<sup>5</sup>, and in 1889 one of

<sup>1</sup> *Co-operative News*, vol. xvi. p. 673.

<sup>2</sup> Congress Reports, 1888-9 and 1891-2.

<sup>3</sup> *Co-operative News*, vol. xvi. p. 673.

<sup>4</sup> *Ibid.*, vol. xvii. p. 487.

<sup>5</sup> Congress Reports, 1888-9.

'between £200 and £300.' The committee then 'appointed a new manager,' and waited to 'see what he would make of it'.<sup>1</sup> At the half-yearly members' meeting, held on February 9, 1891, the chairman said 'though a loss was shown for the year, the farm was being made to pay, . . . and if any member had come prepared to move to give notice to the landlord, he asked them to give the farm another year's trial'.<sup>2</sup> At the meeting held in February, 1892, the directors announced that 'the farm, for the first time in its history, shows a profit of £170 on the year's working. This is especially pleasing,' they added, because we 'have had to undergo more heckling on this department than on all the other departments put together'.<sup>3</sup>

Mr. John Elliott (one of the farm sub-committee), writing to me at the beginning of 1892, said :

'The farm is 113 acres grass and 20 acres arable. We have 83 cattle, 22 pigs, and 150 poultry. The profit made is after paying 5 % interest on capital and 10 % for depreciation. During the year we have produced 40,368 gallons of milk, being 17,037 gallons more than the previous year. The farm was in a wretched condition when we took it. We lost over £500 of stock during the first five years ; but two years ago we had all the drains taken up, and the cowsheds rearranged, with the pleasing result that we have had no loss from disease since then. We have ceased to rear calves, as we find it better to sell the milk. . . . We have increased the produce from the land 60 % since we took to it ; and we are confident we can still further increase it. We believe that the land is the future hope of co-operation.'

An attack of pleuro-pneumonia in July, 1892, necessitated the slaughter of all the stock, and the purchase of 'an entirely fresh herd'.

A number of the North-Western Section Societies have had, for years, accommodation land for the use of their butchering departments and of their horses. Since 1886,

<sup>1</sup> *Co-operative News*, vol. xxi. p. 150.

<sup>2</sup> *Ibid.*, vol. xxiii. p. 155.

<sup>3</sup> *Ibid.*, vol. xxii. p. 176.

<sup>4</sup> *Ibid.*, p. 976.

Bingley has had 23 acres at the heavy rent of £87 a year<sup>1</sup>. The secretary, however, told me they were going to give it up at the end of 1892, as they can buy cheaper than producing on land rented at from 50s. to 60s. per acre. He added: 'We have not attempted growing anything but grass, nor have we kept any store cattle, pigs, or poultry. We have occasionally taken note of our produce and expenditure, and the result has generally been on the wrong side, though not much.'

The following societies hold small quantities of land for accommodation purposes: Great Horton, 17½ acres, rent £74; Greenfield, 5 acres, rent £10; Dewsbury, 15 acres, rent £60; Keighley, 18 acres, rent £84; Kirkburton, 9 acres, rent £19; Middleton (near Manchester), 16 acres, rent £75; Mirfield, 15 acres, rent £45; Winsford, 5 acres, rent £13; Windhill, 12 acres, rent £37; and Pendleton, 36 acres, rent £73<sup>2</sup>. Mr. Hill, secretary of the Pendleton Society, wrote in 1892:

'We simply rent the farm for grazing purposes, and keep no stock, only a few pigs and poultry. We own over 60 horses, and find it necessary to turn them out to grass occasionally. We also do a butchering trade of £45,000 per ann.; and the surplus stock of cattle and sheep is kept at the farm. We have held the farm since March, 1890, and the result of the past year's working was a loss of £18.'

At a special members' meeting held on November 15, 1886, the Manchester Equitable Society decided to rent Poynton Park Farm of 382 acres, on a lease for ten years, at a rent of £563 a year at the commencement<sup>3</sup>.

According to some figures, &c., supplied to Mr. Hines in November, 1890, the farm consisted of about 300 acres of grass and meadow, and the remainder of arable land. It was then carrying 60 milch cows, 77 other cattle, 103 sheep,

<sup>1</sup> Congress Report, 1887, p. 28.

<sup>2</sup> Congress Reports, 1887-92.

<sup>3</sup> *Co-operative News*, vol. xvii. p. 1168, and Congress Report, 1888, p. 25.

60 pigs, 5 horses, and about 150 poultry. Mr. Hines was told that 'the produce is disposed of as follows: The milk, meat, &c., is sold by our stores to the members; surplus oats, &c., are sent to our stables; pigs, geese, &c., are either sold at the central stores or to the neighbouring farmers and villagers, in which case we get better prices than when we sell them to our own members.'

The first farm statement covered a period of twenty-one months up to December, 1888, and it showed a loss of £2,012. The committee attributed this 'mainly to the unprecedented drought of the year 1887, and the very wet season of the past year. . . . They had also been unfortunate in their stock, and in the selection of their farm bailiff<sup>1</sup>.'

The balance sheet for 1889 showed a further loss of £368, without any charge being made for interest on capital. According to the Congress Report for 1891, the loss in 1890 was £646; and the balance sheet for the year 1891 showed a further loss of £695. The receipts for produce in 1891 were, £1,000 for live stock, and £1,068 for other produce, of which £970 was for milk. The valuation at the end of the year was £3,737; the rent was £613, and the wages bill was £660. This is, perhaps, the most unfortunate farming venture that co-operators have ever 'touched.

In July, 1889, the Lancaster Society took the Dolphinlee Farm of 100 acres, on lease, at a rental of £190 a year<sup>2</sup>. The balance sheet for the first year's working, ending March 31, 1891, showed a loss of £124. The receipts for the year by sale of produce amounted to £603, and the farm valuation at the end of the year was £1,586. The farm is of a mixed character, milk and butter constituting nearly half the total produce. The result for the second year was a small profit of £7<sup>3</sup>.

In the balance sheet for the half-year ending December,

<sup>1</sup> *Co-operative News*, vol. xx. p. 107.

<sup>2</sup> *Ibid.*, p. 808.

<sup>3</sup> Congress Report, 1892.

1892, the directors of the Leeds Industrial Co-operative Society reported to the members, that, to meet the necessities of the butchery department, they 'had purchased a farm of 74 acres, at the price of £3,948.' The farm is at Farnley, 'within easy distance of the slaughterhouse' of the society.

The Batley Society, at the end of 1892, leased two farms; one, the Grange, contained 41 acres; the other, the Soot-hill, which adjoined the Grange, contained 57 acres. The rental of the two was £184 a year; but a house, &c., with about 3½ acres of land, were sublet for £60 a year, leaving the rental for 94½ acres of land, £124 a year. The society had previously been renting five acres of grass land at £23 a year; but they were giving it up<sup>1</sup>.

In the Midland Section, there was registered in February, 1891, a society with mixed objects, which are clearly indicated by its title, viz. The Sheeplees Farm, Poultry, and Loan Society, of Nottingham. This society took a farm of 114 acres, at the low rental of £70 a year, and started business with a capital of £240<sup>2</sup>.

The year 1885 was largely occupied by the Midland district conferences in discussing co-operative agriculture; but the proximity of the experiments at Radbourne and Ufton seems to have retarded, rather than accelerated, co-operative efforts at farming. However, in this year, Desborough Society purchased a small freehold farm of 20 acres<sup>3</sup>. The society very shortly found it preferable to cut the little farm up into twenty-pole plots, which they sold to the members on an easy instalment system, the price charged being an average of £10 per plot, and the purchase money being covered in ten years, by members paying out of their dividends 10s. per half-year. 5 % per ann. is charged on the balance due from the purchaser.

The Lye Society has held 14 acres of land since 1889.

<sup>1</sup> *Co-operative News*, vol. xxiv. p. 129.

<sup>2</sup> Congress Report, 1892.

<sup>3</sup> *Ibid.*, 1885, p. 26.

In 1890, they paid a rent of £38, and made a profit of £6; but, in 1891, their rent was reduced to £21, and their profit was increased to £10<sup>1</sup>. The Derby Society, in 1892, had also held 29 acres for a couple of years. They pay £83 a year rent, but they had published no results; and I think the land is used in connexion with the butchering department. Earls Barton farmed 22 acres in 1891, at a rental of £63, and succeeded in making a profit of £12. On the other hand, Long Eaton, in 1891, farmed 54 acres, at £83 an acre, employed £1,600 of capital thereon, and came out with a loss of £121<sup>2</sup>.

In April, 1889, the Lincoln Society purchased a small farm for £550. Mr. M'Innes told me that there are 11½ acres, all arable. On this land, he said, they

'built a foreman's cottage, outbuildings, stable, granary, pig-styes, and a shippon, or, as they are called here, a crew-yard, with an open front shed on one side of it. In this large yard we put all our stable manure from the central stores, 2½ miles distant, and it is trodden down by about 60 or 90 pigs. The pigs remain in this place six or seven weeks, when they are taken out and put in styes, usually six pigs together, to be fattened. All the refuse from our slaughterhouse and the farm is thrown into the crew-yard, and the pigs have a little meal besides. We do not breed, it being at present cheaper to buy young pigs in our local markets.'

• The balance sheets, &c., sent to me, showed that two men and a boy are employed on this little farm in winter, and an additional man, two women, and a boy, are employed in summer. The bailiff has a pound a week and a cottage; the other permanent hand has 18s. a week.

The first accounts were made up at the end of 1890, and embraced a period of one year and nine months. A quantity of fruit trees had been put on a part of the land, and another portion had been worked as a market garden. The produce had realized £235, £149 being for pigs and garden

<sup>1</sup> Congress Reports, 1891-2.

<sup>2</sup> Congress Report, 1892.

produce, and £86 for hay and straw. There was a net profit of £34, which was equal to  $3\frac{1}{2}\%$  per ann. on the 'outlay of £550.'

For the year ending December 31, 1891, the profit was £131; and the capital sunk in the farm, through the erection of buildings, &c., had increased to £1,308. This profit was equal to 10% on the capital employed. The wages bill for the year was £139. The produce sold amounted to £554 for pigs, and £228 for garden and field produce. In their report, the committee said: 'Our regret is, that notwithstanding the many resolutions favourable to embarking in farming passed at general meetings during the last fifteen years, more land has not been obtained.'

There was a profit for the year 1892 of £305. In their report, the committee said:

'The farm has again more than justified the expectation of those members who for many years have urged that cultivation of the land would, if properly undertaken, be one of the society's most remunerative branches of business. We are of opinion that it would be to the advantage of the society to obtain more land in the vicinity of the farm, at the first suitable opportunity, as its extent is quite inadequate to supply the town branches with what they require. We therefore ask for an expression of opinion upon the proposal to secure more land, in pursuance of resolutions already passed by general meetings, and binding upon us as a committee<sup>1</sup>.'

In January, 1886, the Ripley Society took a farm of 50 acres, on a seven years' lease, at a rental of £2 per acre, with tithes amounting to £3 11s. per ann. in addition. Mr. Bridge has sent me some figures which show the results of the working of the farm. After charging the farm with 6% interest on £900 of capital, or £54 a year, there was a profit in 1886, the first year, of £83. The second year showed a loss of £56, and the third one of £78. The year 1889 gave a profit of £12, but 1890 made a loss of £6. This loss was occasioned by the death of two beasts valued

<sup>1</sup> Society's Balance Sheet, December 1892.



at £35. In 1891, there was a profit of £32. The total results of six years' working is a profit of £31, in addition to 5 % per ann. interest on capital.

Thirty-four acres of the farm are in grass, and 14 acres are arable. Milk constitutes nearly half the total value of the produce sold off the farm. There are three regular employes, and extra hands are employed as required. The head man gets 20s. a week, with house, coal, light, and milk. The other labourers receive 'about 3s. 4d. per day.' The stock consisted of about 12 cattle, 24 sheep, 20 pigs, 4 horses, and a quantity of poultry.

In 1889, the Sheepshed Society hired a farm of 52 acres. Up to the end of their second financial year in 1890, they had lost £123 by the venture. They then changed their manager, and for the year 1891 the loss had been lowered to £21. A capital of £750 is utilized on the farm<sup>1</sup>. The secretary has told me that the society tried to get a reduction in rent of 10s. per acre, but the landlord refused. They have therefore given notice to quit at Lady Day, 1893.

The farming operations of the Sheerness Economical Society have been already described in Chapter XII.

The Banbury Society took a small farm and corn mill in 1875 on a seven years' lease, at a rental of £269 a year.

'When the land was taken the value was much higher than now (1887); but soon after that a depreciation in all agricultural produce set in. In 1879, the hay cost as much to get it as it was worth; disease took off many of the sheep; blight seized the bean crop, and rain partially destroyed the wheat. To crown the losses the hayrick caught fire from within; so there were the expenses, without the benefit of insurance. By the time the lease was up a great many were heartily tired of it. Nevertheless, there were some who thought that with better land at less price it might be made to pay better than by selling off all the produce and implements when prices were at their lowest;' and on March 6, 1882, the members instructed the

<sup>1</sup> Congress Report, 1892, and *Co-operative News*, vol. xxi. p. 662.

committee 'to take more land, and transfer the stock thereto at once.'

The committee, however, could not see their way to do this; so a special meeting held on March 23, 1882, rescinded the resolution and authorized a forced sale. 'When all was balanced up there was a loss of £405<sup>1</sup>.'

Stimulated by the discussion on Co-operative Agriculture at the Derby Congress, the Chipping Norton Society bought a freehold farm called 'The Glyme,' early in 1885, and obtained possession at the latter end of the same year. The farm was 'well situated,' but the committee said they did not expect to get it 'into order for about three years, owing to the way in which it has been neglected by those who may be described as outgoing tenants<sup>2</sup>.' There were 92 acres of arable land, and 19 acres of pasturage. The cost of the farm was £3,353, and there were no tithes.

At the end of 1886, the committee reported a loss of £7 12s., after paying 4% interest on capital. They remarked:

'When the news went forth that the Glyme Farm had, at the fall of the hammer, been knocked down to the co-operative society, predictions, alarming but not encouraging, were rife as to the speedy downfall of the co-operative venture . . . but with the indefatigable attention of the committee, the skill and forethought of the bailiff in charge, and the many encouraging expressions of members at the quarterly meetings, the question which bids fair to become a national question, "The land for the people," has, in some measure, at least, as far as the Chipping Norton co-operators are concerned, been solved<sup>3</sup>.'

In the second year, the loss was £2 5s., after paying 4% interest on the capital employed in the purchase and working of the farm; and the committee remarked: 'We do not consider this unsatisfactory, considering the unfavourable season passed through, and that extensive alterations,

<sup>1</sup> Brief History of the Banbury Society, 1887.

<sup>2</sup> *Co-operative News*, vol. xvi. p. 1132.

<sup>3</sup> *Ibid.*, vol. xviii. p. 35.

incidental to getting the farm into working order, have been effected<sup>1</sup>.

The third year, 1888, brought a profit, after charging the farm £134 for interest, of £12 6s. 3d.; and the committee, in their report, said, 'We feel sanguine that eventually we shall be able to show better results.' For 1889, the profit was £66 13s.; and for 1890, it was increased to £103 10s. 9d. The balance sheet showed the farm and buildings at a total of £3,823, implements £193, unexhausted improvements £90, and stock £1,527. The receipts for farm sales for the year amounted to £1,281, and the wages bill was £203. Four men and two boys are usually employed, the head man receiving 18s. a week, with house, &c., and the labourers 15s. a week. The farm carries about 18 to 20 cattle, 3 horses, 90 to 100 sheep, 60 to 70 pigs, and 150 poultry. For 1891 the profit was £33<sup>2</sup>.

At the latter part of 1887 or early in 1888, the Faversham Society purchased Snowdown Dairy Farm, consisting of 13½ acres, mixed pasture and arable land. The cost was £985, and the value of stock £150<sup>3</sup>. In 1889, the society made a loss of £260<sup>4</sup>, and the secretary has informed me that they have let the farm on a seven years' lease, 'as it was too far away from town to make it pay.'

Mr. H. A. Scott has sent me some details of the farm worked by the Harwich Society, which was taken in hand at the latter end of 1887. He said :

'We took the farm over from a local farmer and market gardener, on agreement to carry out his tenure of lease, which expired in September, 1892. The farm consists of seven fields and two meadows; about 53 acres in all, with house, barn, stables, outhouses, &c. The rent is £100 a year. Our stock consists of 11 cows, 1 pedigree shorthorn bull, 1 bull calf and 1 heifer, 1 pony, 2 mares and a colt, 3 sows and 27 pigs, and a number of poultry.

\* 'We employ one bailiff and his wife, one horseman, and three

<sup>1</sup> *Co-operative News*, vol. xix. p. 7.

<sup>2</sup> *Ibid.*, vol. xxiii. p. 69.

<sup>3</sup> *Ibid.*, vol. xx. p. 351, and Congress Report, 1888, p. 25.

<sup>4</sup> Congress Report, 1890, p. 33.

boys. The bailiff gets house, firing, and £1 2s. per week; the horseman 13s.; one boy 10s., one 5s., and one 4s. We retail the milk at 1½d. per pint direct from the farm, it being distributed by the boys with the help of a pony and cart. We give checks to purchasers.

‘The bailiff thoroughly understands his work, and we do not interfere with him much. The local farmers say we have got a good man, and the results have proved it, we having made a profit each year, the lowest being £56 and the highest £117.’

Mr. Scott went on to describe several misfortunes which kept their profits lower than they would otherwise have been, such as cows miscalving, losing a mare, &c., and also said :

‘We want a farm of about 100 acres to grow all we want, as 50 acres will not produce enough for us. We grow wheat, oats, barley, beet, swedes, potatoes, cabbages, turnips, tares, clover, &c. Each year we change the crops on the land, but we are cramped for acreage. Milk pays best; and I am convinced that, with a good bailiff well acquainted with the general working of a farm, any society will make it pay.’

The net profit for 1891 was £74, and the capital employed on the farm is about £900.

In September, 1886, the members of the Ipswich Society decided to take a farm. In September, 1887, they entered into possession of Boss Hall Farm, just on the outskirts of the town, and partially situated within the borough. There were about 49½ acres, and the rent was £100 a year. On the farm was a house let at £30 a year, as well as a home-  
stead,

‘comprising a bailiff’s house with offices, a cowhouse for nine cows, with calves’ crib, covered pig-court, cowshed, meal-house, carpenter’s shop, stable for eight carthorses, with harness-room and lofts, a large barn, two corn stores, drill and implement-sheds, loose box, tumbril-shed and wagon-lodge, with granary over, and cattle yard enclosed by brick and flint walls.

‘The arable land was very foul and poor when entered upon; but the first year’s working resulted in a profit of £64, besides paying 5 % interest on £500 of capital. Early in the second year a considerable loss was incurred through swine fever, the consequence being that at the end of the year there was a loss

of £41. The third year (1890) was better, but the balance of profit was only £8 18s. 6d. The landlord then gave the society notice to give up possession at Michaelmas, 1891. This caused the society to buy the farm for £3,000; and the committee asserted that they could realize £2,000 by selling a strip of 10 acres, fronting the main road, for building purposes, leaving nearly 40 acres, including the house for which they receive a rent of £30 a year, for the remaining £1,000 of the purchase money<sup>1</sup>.

The farm consists of about 24 acres of pasturage and 26 acres of arable land. There are 8 cows for supplying milk to the members. The result for 1891 was a loss of £99.

In May, 1886, the Royal Arsenal Co-operative Society, Woolwich, gave the committee authority to purchase some freehold land. This power was exercised at an auction sale in June of the same year, when the committee bought Bostal Farm for £6,200. 'The purchase comprised over 52 acres, mostly market garden land, with a homestead, farm buildings, and cottages.'

'Possession was taken on September 29, 1886, and operations were immediately commenced. The land was in poor condition. . . . Three old cottages were pulled down and one erected; old cowsheds were converted into piggeries, and the breeding and fattening of pigs commenced,' while a greengrocery department was started at the Plumstead branch of the society, to sell the produce. In June, 1888, 'the daily delivery of greengrocery to members and the public' was undertaken; and in December of the same year, a greengrocery shop was opened at the central stores, Powis-street.

The working of the farm for the first year resulted in a loss of about £500, and these losses continued up to the end of 1889, when they amounted to £1,421, 'after making allowances for depreciation, and 5 % interest on capital<sup>2</sup>.'

<sup>1</sup> *Ipswich Co-operative Advocate*, February, 1889; *Ipswich Co-operative Herald*, April, 1891; and *Land Agents' Record*, December 13, 1890.

<sup>2</sup> *Origin and Progress of Woolwich Society*, 1890, pp. 20-3.

The farm was bought by the society subject to tithe. Owing to their heavy losses they asked the clergyman, Mr. M'Allister, to make a reduction of 25 % ; but this was refused. The society thereupon instructed the committee to only pay tithes upon compulsion and after distraint. This was acted upon until the new tithe law came into operation ; and the distraint proceedings were, on each occasion, accompanied by a demonstration, headed by a brass band playing the ' Dead March ' and other significant melodies<sup>1</sup>.

The losses were partly caused by the land being in a very bad condition when taken in hand, and partly by circumstances of an unforeseen character, such as an outbreak of swine fever, when a ' large number of pigs had to be destroyed, and the society was prevented from restocking for some months afterwards.' Then a fraudulent bailiff had to be dealt with, and a severe hailstorm ' did £200 worth of damage in two hours<sup>2</sup>.'

During the time these losses were being incurred, it was stated that the farm labourers were ' working shorter hours, getting more holidays, and better pay than their neighbours<sup>3</sup>.' They also received the same bonus on their wages out of the general profits as did the store employés ; and the bonus usually amounted to 1s. 6d. or 1s. 8d. in the pound.

In consequence of the losses, the members held a special meeting in the summer of 1890, to discuss the advisability of giving up farming, or market gardening, and using the land for building purposes. The proposal was negatived.

Notwithstanding the losses, great energy was expended on the farm, and everything that skill and money could do was done to produce profitable results. ' In the early part of 1889,' it was decided to build new piggeries ' on the most approved principles, constructed of brick, with slated roofs and iron fittings.' Gas and water were laid on at a cost of

<sup>1</sup> *Co-operative News*, vol. xx. pp. 63 and 410, and vol. xxi. p. 761.

<sup>2</sup> *Ibid.*, vol. xxi. pp. 687-8, and *Origin and Progress of the Woolwich Society*, 1890, p. 21.

<sup>3</sup> *Co-operative News*, vol. xxi. pp. 687-8.

about £300, and in addition to all the manure from the society's extensive stables, immense quantities were procured elsewhere to enrich the land, and to bring it into thoroughly good heart. Over thirty kinds of vegetables were cultivated; and, as far as possible, the quantity of each was regulated by the estimated consuming powers of the members; any excess caused by the irregularity of the weather being either sent to the wholesale markets, or given to the pigs.

The first half of the year 1890 rewarded the society for its intelligent patience. The farm made a net profit of £361 after providing for depreciation, and also £175 for interest on capital. The second half showed a similar net profit of £58, making a total for the year of £419, in addition to £340 for interest on the capital invested or employed in the undertaking. In 1891, the profits were not quite so large, but they amounted to £255, in addition to £330 for interest on capital, and the usual depreciations. The sales of produce amounted to £2,584, or about £50 per acre. The stock of pigs runs from 300 to 400. There is also a large quantity of poultry. In the winter of 1891 a new experiment was made by laying down a quantity of strawberry plants, gooseberry and currant bushes, apple trees, &c., and these are expected to further improve the profit-bearing capacity of the farm. The wages bill for 1891 was £805. The number of employes fluctuates considerably. The quality of the produce is very high, great care being taken in the selection of the seeds, &c., and the best prizes at the Crystal Palace Festival are usually taken by the farm<sup>1</sup>. It is worth noting that the land is steadily increasing in value for building purposes. It is beautifully situated, and in a few years the society will be able to erect on it a little co-operative town for the residence of its members.

On October 22, 1892, the Royal Arsenal Society extended its farming operations by purchasing the lease of

<sup>1</sup> Society's Balance Sheets for 1890-1.

Croft Dairy Farm, situate 'about a quarter of an hour's drive from the Bostal farm.' There were only 18 acres of land; but there were 'extensive cowsheds,' and a herd of 67 cows, besides sundry other live stock<sup>1</sup>. The society had previously been taking all the milk from this dairy for the supply of its members.

In March, 1888, the Gloucester Society took Saintbridge Farm, in the suburb of that city, on a seven years' lease at a rental of £267 10s. a year for the first five years, and of £292 a year for the remainder of the term. There were 97 acres, mostly grass, and the lease forbade the breaking up of any pasture or meadow land. Hay and straw could be removed from the farm, on condition that 5 tons of good manure were brought in for each ton of hay and straw that was taken away. The lessees had the option of determining the lease at the end of five years. Through Mr. Clay, I have obtained details of the working of the farm for the three years ending March 31, 1891. The produce averaged not quite £700 a year. For the three years, it amounted to £2,050. The expenditure for the same period was, wages £520, rent £802, rates £90, tithes £29, depreciation of implements, at the rate of 5 % per ann. £55, and interest on £795 of capital at 3 % per ann., £23. The net profit for the three years' working was £10. The principal item of produce was milk, which amounted to £1,228. Live stock sold to the stores, or elsewhere, realized £612. Only £50 of hay and straw were sold off the farm in the three years; the sales of wheat amounted to £39, and the sales of butter, eggs, fruit, and vegetables, came to £119. The society has succeeded in obtaining improved conditions of tenancy for the farm, commencing with the expiration of the first five years of the original lease.

In August, 1888, the Plymouth Society took Poole Farm on a rental of £280 a year. There were 103 acres; but in 1891, this was reduced to 93 acres, at £210 a year<sup>2</sup>.

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 1187.

<sup>2</sup> Congress Reports, 1891-2.



Mr. Young has sent me the balance sheets of the farm, together with some other details. The society holds a 14 years' lease. The farm consists of 17½ acres permanent pasture, 6½ acres orchard, and 68½ acres of arable land. The farm is worked mostly as a dairy farm, although very short 'of water on the hills.' During the year 1891 'there were sold off the farm 17 bullocks, 11 calves, 53 sheep, 48 lambs, 59 pigs, 79 poultry, 16,833 gallons milk, 5,249 eggs, 16,391 apples, 11 hogsheads of cider, 14½ quarters wheat, 6 quarters barley, and 3 tons mangolds, realizing altogether £1,595.' For the period beginning August, 1888, and ending March, 1890, the farm lost £179, after paying 18 months' interest, at 5 %, on £1,266 of capital. For the year ending March, 1891, the loss was £25, after paying interest on capital; and for the year ending March, 1892, the loss was £115. The wages paid during the year were £218. Mr. Young concluded, 'We are complimented by our neighbours as being good farmers, and as having improved the farm, although we have not been successful.'

On August 1, 1888, a conference of about 400 people, mostly co-operators, was held at Olympia, in connexion with the Irish Exhibition that was then being held there. At this conference, I advocated the formation of a society to teach co-operation to the people of Ireland. The suggestion was taken up, and a society was formed; but on the Co-operative Union undertaking to do the work, the society relinquished its charge and wound up its affairs in May, 1889; and the Ipswich Congress, which was held shortly afterwards, created an Irish Section of the Central Co-operative Board<sup>1</sup>.

In connexion with this Irish Section, Messrs. Stokes and Gibson (Limerick) and the Hon. Horace Plunket have been very active in promoting co-operative creameries, with the object of restoring to Ireland the position which it had gradually lost in the English butter market. Conferences were held and pamphlets circulated; an especially good one

<sup>1</sup> Congress Report, 1889, pp. 19, 29 and 43.

containing full instructions how to form and work a co-operative creamery, being prepared by Mr. Anderson, the organizing agent for the section. The Wholesale Society also helped the efforts, by becoming a ready customer for the butter, and by its practical sympathy, expressed in many other ways, in support of the creameries.

As soon as the farmers became aware of the immense advantages of creameries, they began forming them; for the certainty of making at least one-third more profit out of their cows, was an advantage too great to be resisted<sup>1</sup>. At the Congress held at Lincoln in 1891, it was reported that there had been 16 co-operative creameries formed under the auspices of the Co-operative Union, with plant valued at £7,786, and calculated to take the milk of 14,200 cows. At the end of 1891, there were 29 societies in existence; but of these, 11 had not begun working. Fifteen, out of the remaining 18 societies, made returns to the Co-operative Union, showing that 14 had realized profits, varying from £8 in one case to £370 in the highest; while one had made a loss of £136, through being burnt out<sup>2</sup>.

In May, 1892, I visited a number of these creameries. They were all well adapted and well situated for their work; and mostly arranged, both in buildings and machinery, on a uniform plan. I obtained eleven balance sheets, all audited by Mr. Anderson, of the Irish Section, and ten of them prepared and printed in a uniform manner. The price paid for milk averaged over 4½d. per gallon, the skim milk and butter milk being returned free to the farmers. The most successful society in 1891 was the Ardpatrick. Its butter sales for the year amounted to £4,247, and it received milk from about 1,000 to 1,200 cows. The share capital was supplied by 51 members, and amounted to £503; and the value of the building and machinery was £934. The profit, after providing for depreciation, was £340, which was equal to 68 % on the capital. This

<sup>1</sup> Tract, *Co-operative Creameries*, p. 7.

<sup>2</sup> Congress Report, 1892.

## *CO-OPERATIVE PRODUCTION.*

creamery had a Roby engine, three separators, and two churns. It only started work in June, 1891. According to Mr. Anderson, the usual method of dividing profits in these creameries is, to pay 5 % on capital and divide the remainder, according to the value of the milk supplied, among the farmers. The workers in the creamery get a bonus, at the same rate on their wages as the farmers receive on the value of their milk.

Mr. Stokes has also supplied me with a list of 13 creameries which, he said, are identical in their methods with the co-operative creameries, except that they are registered under the Joint Stock Companies Act; and they ought, therefore, to be included in the total number in existence. Not having accurate complete statistics, I can only estimate the total actual position of these creameries at the beginning of 1892. The total number under the two Acts is 42, with a membership of about 2,000 farmers. The paid-up share capital will be from £16,000 to £18,000, and the creameries will work up the milk from about 35,000 cows.

## CHAPTER XXV.

### MISCELLANEOUS SOCIETIES.

A SOCIETY which passed through four transformations, and lasted about thirty-three years, has left behind it a peculiar interest, through having been a connecting link between the old Christian Socialist associations and the existing productive societies. This society was not, strictly speaking, promoted by the Christian Socialist body; but it received its inspiration from the Christian Socialists through the Working Men's College, Great Ormond-street, London; which institution was founded by Maurice, Hughes, and their friends, after they had in despair given up their co-operative propaganda<sup>1</sup>.

Robert Newton was connected with this society from the beginning to the end of its career, and he was one of the founders of what at the start was termed The Working Gilders' Association.

• The 'agreement for the formation . . . was signed by five men, and the first contribution of 2s. per week was paid on July 19, 1858; the workshop being opened on the birthday of the first member, September 29, 1858<sup>2</sup>.' The

<sup>1</sup> Mr. Ludlow has dissented from this statement, and has stated that 'the Association was, in fact, never dissolved, and might be brought to active life again at any time by its surviving members.' (*Co-operative News*, vol. xxiii. p. 1222.) On the other hand, Mr. Hughes, in a lecture at the Working Men's College, said, 'The need of *Co-operative Life*, and the hopelessness of obtaining it in the then condition of society, was the proximate cause of the foundation of this Working Men's College.' (*Co-operative Life*, pp. 203-4.)

<sup>2</sup> *Co-operative News*, vol. xxii. p. 183.

association began business with a capital of £8, and existed as an unregistered society for about eight years. During the whole of this period, not more than £18 of capital was paid into its funds; but, the society gradually secured a trade of from £40 to £50 a week<sup>1</sup>. Mr. Hughes claimed the credit of having originated the society; and, speaking in 1866, said, 'they had met with many obstacles, for the trade was a peculiar one; but they lived down opposition from masters, and suspicion from the trades unions, and last Christmas he was present by invitation at their social annual meeting.' At this meeting

'for the first time there was a sum to be divided as profits. During the evening a boy entered the room with a tray in his hands, on which were a number of envelopes. Now there are only eight associates of this little society, and under the old system these eight men would have received the whole of these profits; but they employed about seventeen other men, who during the past year had worked satisfactorily, and hoped in time to become associates. But the number of envelopes on this tray was not eight; it was eight plus seventeen. They had shared their profits between all those who had contributed to the success of their society during the past year<sup>2</sup>.'

Mr. Newton has explained to me, that 'the profits made each year were equally divided between the members, but not withdrawn.' As I understand, a bonus was declared on wages, before the profits were ascertained; and the bonus was paid to every employé. I do not know on what principle this bonus was calculated.

On March 4, 1867, the Working Gilders' Association transformed itself into a Framemakers' and Gilders' Association, Limited; and amalgamated with a former employer and landlord; the whole management of the workshops, for both branches of business, being transferred, by the express desire of the employer who joined with the co-operative workmen, to the foreman of the co-operative

<sup>1</sup> *Progress of the Working Classes*, p. 141.

<sup>2</sup> *Co-operator*, vol. vii. p. 8.

shop, as one of the managing directors. In 1867, Messrs. Ludlow and Lloyd Jones said, 'the joint establishment stands very high in trade, employs about forty men, and is doing business at the rate of £6,000 a year<sup>1</sup>.' The premises of the association were at 18 and 19 Red Lion Square, Holborn.

The association was registered as a joint stock company, and the articles of association provided that the directors should hold not less than twenty shares. These shares were £5 each. Mr. Thomas Hughes was a director, and Messrs. William Young, John Pashley, and Robert Newton, were the managing directors. Mr. Young took the internal management of the workshops, Mr. Newton took charge of the office, &c., and Mr. Pashley, who was the incoming partner, took the position of traveller, &c. The board had power to suspend a managing director for gross misconduct; but they were, in this case, bound to call a special meeting of shareholders 'within two days from the date of such suspension.' After paying a dividend of  $7\frac{1}{2}$  % per ann. on the share capital, the remaining profits were to be divided into two portions, one of which went to increase the dividend to the shareholders, while the other was divided among the employés 'in proportion to the amount of salaries or wages received by them respectively during the half-year in which the said profits shall have been made.' The directors had a power, usually left to the shareholders, of deciding what amounts should be put to a reserve fund, and as to what uses this fund should be put to. No employé could be a director other than a managing director. A shareholder had one vote for every share up to ten, and an additional vote for every ten shares beyond the first ten. Votes could be given by proxy.

The share register of the association showed that Mr. Pashley was allotted 300 £5 paid-up shares for the business, stock, &c., that he brought to the association; and 107 £5

<sup>1</sup> *Progress of the Working Classes*, p. 142.

paid-up shares were allotted to the members of the Working Gilders' Association, as their proportion of the amalgamated assets. The first balance sheet of the new association was made up to December 31, 1867, and showed a paid-up share capital of £2,420. The goodwill and fixtures were valued at £941, and the stock at £1,380. The book debts amounted to £699, while the creditors of the association had £698 due to them. The sales for the year were £4,760, the wages paid amounted to £3,031, and after writing off £63 expenses in forming the new association, there was a deficiency of £12.

In the year 1868, Messrs. Ludlow and Walter Morrison became shareholders, and helped the working members with their advice. The business this year resulted in a loss of £55; but at the annual meeting held on April 17, 1869, the chairman, Mr. Thomas Hughes, M.P., 'expressed his confidence in the ultimate success of the association, and also in the managers having done the best they could under the trying times they had to contend with'.<sup>1</sup>

From this time forward, the association submitted half-yearly balance sheets, and held half-yearly meetings of shareholders. The attendance at the latter was not numerous; and never exceeded thirty-four, including both workers and sympathizers. For eight years and a half, the business was fairly successful; the sales averaging about £8,000 to £9,000 a year, and the wages bill being about £4,000 a year. Twelve balance sheets showed profits amounting to £2,229, and five balance sheets showed losses amounting to £473; leaving a total net profit for the period of £1,756. During this period, the share capital gradually rose from £2,420 to £2,890. The first dividend was declared at the half-yearly meeting held on January 28, 1871, and was at the rate of  $7\frac{1}{2}\%$  per ann. for the half-year; the profit made was £409, and the dividend only absorbed £99. Similar dividends were declared, half-year by half-year, up to the

<sup>1</sup> Minute Book of the Association.

middle of 1876. For the half-year ending December, 1874, there was, in addition, a bonus paid of £56, being at the rate of 4 % per ann. on the share capital. The workers also received a bonus for the first and last time. It amounted to £56, and worked out to about 5*d.* in the pound on the wages and salaries paid during the half-year.

In 1875 I became a shareholder; and, according to the minute book of the association, at the first shareholders' meeting I attended, I criticized adversely the method of debiting fixed stock with renewals, repairs, &c.; but, was considered by the management to be too strict in my views. A year before this, Messrs. Hughes and Morrison protested, by letter, against paying dividends out of the balance of profit and loss account when the half-year's working showed a loss. The dividend was, however, declared by the members in spite of these protests.

There was no dividend for the last half of 1876, there having been a loss of £103; but there was an effort on the part of some shareholders to have a dividend declared of 5 %; which, however, failed. For the first half of 1877, there was a dividend at the rate of  $7\frac{1}{2}$  % per ann., and this was the last that was paid. A balance of £148 remained in the profit and loss account after this dividend was paid, and £140 of it was carried to a reserve fund.

From June, 1877, up to June, 1882, the association had an unbroken series of losses, amounting in the aggregate to £2,086, and varying in amount, half-year by half-year, from £33 up to £393. The causes of these disasters were various. Some I know from my own observation. Others are recorded in the minutes. So early as 1870, Mr. Newton complained of the 'lack of interest manifested in the success of the company by those employed;' and in the same year, there was a discussion as to whether it would be wise to let all the employés know the contents of the balance sheets. Ultimately, it was decided to read the balance sheets only to those employés who were members of the share club, which was in existence to help employés



to save the £5 necessary to become a shareholder. Mr. Newton has informed me that he 'told the managers that if the association failed, it would not be through the men, but through the managers.' In 1873, again, Mr. Morrison 'expressed his surprise that the workmen did not take shares more readily, as the association was now paying 7½ %.' When I became a shareholder in 1875, the association was largely engaged in making pier glasses, as well as picture frames, and also in doing all kinds of gilded work. The decoration of theatres and music halls formed a large item of business, and the association had a good reputation for the excellence of its workmanship. A change of fashion caused gilded mirrors, &c., to be discarded in favour of polished and painted woods. The association did not take sufficient heed of the rapidly-impending change, and when orders were short, the men were kept employed making for stock. At last the stock-room was full, and the goods could scarcely be sold, even at a heavy sacrifice. The continued losses seemed to have an effect on the morale of both managers and men. Certainly one of the managers got thoroughly disheartened, and drowned his cares more freely than wisely. Mr. Newton and Mr. Young did their best according to their lights; and when the association lost one of the 'largest customers through the business being given up,' while another large customer 'greatly diminished the amount' of his orders, Mr. Newton tried to get, from co-operative channels, some trade to make up for that which had been lost. In this, he was only partially successful. The association had been accustomed to cater for wealthy customers; and when it came to catering for working people, the descent in the value of the articles required was startling to the employés of the association. They, in fact, objected to the cheap work; and thought they were badly treated in having it put before them, although it was repeatedly explained that there was no choice between doing this and closing the department.

In February, 1880, a committee was appointed to 'con-

sider the circumstances of the association, with a view to its winding-up or reconstruction, as they may think best.' This committee consisted of, a large creditor who was also a shareholder, the auditor, and myself. The result was an arrangement that Mr. Pashley should resign his managing directorship; and should be employed, in future, on commission and a small salary. Mr. Newton was appointed sole manager, and a new directorate, consisting of Messrs. Applegarth, Jennings, and Standley, was appointed in place of Messrs. Pashley, Newton, Young, and Hughes, who resigned to make way for them. The qualification of directors was reduced to five shares to make this possible. At the next half-yearly meeting, Mr. Jennings and Mr. Standley expressed their opinion that the case was hopeless; but Messrs. Newton and Pashley thought that there were signs of an improvement. So matters dragged on very painfully until June, 1883, when the losses were written off the share capital, and a suspense account was created. The sales had fallen to about £5,000 a year; but the expenses had been reduced, on the retirement of Mr. Pashley, by a large portion of the premises being given up. Speaking at a special meeting, held on August 25, 1882, Mr. Newton said they could only compete by 'a larger amount of work being turned out in proportion to wages paid or by a reduction in wages.' As far as the management went, their wages had been reduced to the level, or below the rate, of a journeyman's wage. In March, 1884, in another effort at reorganization, it was determined to reduce the directors' qualification to one share, and to make working shareholders eligible for election. But business was conducted under grave financial difficulties. Some funds were generously provided by Mr. Neale and his son, for the temporary object of enabling the association to carry out decorative contracts; while other funds were obtained by Mr. Newton, from professional money-lenders, at such usurious rates of interest as 5 % per month or 60 % per ann. In April, 1884, it was decided, by the shareholders and the principal creditors,

to have a friendly voluntary liquidation, with a view to forming a new company, which would take over the stock and fixtures as a going concern ; and I was appointed honorary liquidator.

A provisional committee of co-operators, helped by the Co-operative Aid Association and by the Guild of Co-operators, endeavoured to raise capital for the new society, which was registered as the Framemakers', Gilders', and Decorators' Association, under the Industrial Societies Act. 23, out of about 30 work-people, agreed to take up £120 of shares ; 33 societies and some 50 individual co-operators subscribed about £750 : and with this sum the new society began business, taking over from the old company the plant and stock at a valuation, on November 1, 1884, for the sum of £600.

When I became liquidator, seven months earlier, I had been led to believe that the value of the assets was much more than the above-named £600, as the balance sheet showed them at £1,715. When, therefore, I received a first offer of £550 from the new association, I was very much astonished, and resigned the liquidatorship. Mr. Newton, however, saw the principal creditors, and called a meeting of shareholders, at which a resolution was unanimously passed, asking me 'to continue the liquidation to its conclusion.' I therefore did so. The £600 agreed upon was to be paid partly in cash, 'and the remainder in instalments extending over eighteen months.'

During the formation of the new association, the business was carried on for the liquidator, by Mr. Newton. A contract with Madame Tussaud and Co., for the decoration of their new waxwork museum, resulted in a heavy loss ; and the business lost steadily during the whole seven months. A statement, then made out, showed a probable dividend to trade creditors of about 3s. in the pound ; while all the share capital was lost. But this prospective dividend depended on the new association succeeding, and paying its instalments of the purchase money, according to the agreement.

The new association had a devoted committee, including Messrs. Hines, Webb, and Randle, who gave their services gratuitously out of sympathy for the cause, and especially on account of their sympathy with Mr. Newton, as a veteran co-operator. But they were confronted with financial difficulties from the commencement; the business could not be made to pay, and it was found impossible to meet the bills due to the liquidator of the old association. In August, 1885, a committee of three was appointed by the shareholders to consider the best means of raising further capital. An adjourned shareholders' meeting was held in September, and another in October, when a resolution to wind up was lost by 11 votes to 17, 14 of the 17 being workers. The directors, except Mr. Randle, thereupon resigned, as they 'felt it would be dishonest on their part to continue in office with great losses before them, the whole of the capital gone, and knowing the inefficiency of the management, which was still carrying on the business and losing week by week'.<sup>1</sup>

The association went into voluntary liquidation on November 7, 1885; Mr. Randle acting as liquidator, and continuing the business until February, 1886, when he sold it to Mr. Newton and several of his co-workers<sup>2</sup>. The final meeting was held on July 2, 1887, when a dividend of 2s. 6d. in the pound was paid to trade creditors and loan-holders, the share capital being all lost. At this meeting, Mr. Newton said that since he had taken over the business he 'had been able to conduct it with a profit'.<sup>3</sup> In consequence of the disastrous results of this liquidation, I received barely sufficient to pay the liquidator's creditors in connexion with the old association, and the other creditors received nothing.

Mr. Newton and his co-workers carried on the business, as an unregistered association or firm, up to February, 1891, when it was finally given up; Mr. Newton saying that, what

<sup>1</sup> *Co-operative News*, vol. xvi. p. 995.

<sup>2</sup> *Ibid.*, vol. xvii. p. 569.

<sup>3</sup> *Ibid.*, vol. xviii. p. 736.

with his co-workers dying and his failing health, it was impossible to continue the struggle<sup>1</sup>. Considerable sympathy was shown by fellow-co-operators to the veteran. He had mortgaged his house to find money for the Framemakers', Gilders', and Decorators' Association, and in his old age was left almost without resources. A subscription was therefore made on his behalf, and between £70 and £80 was handed to him<sup>2</sup>. A very handsome memento of the skill and taste of the employés of the association, is left in the beautiful panelled ceiling of the Wholesale Society's meeting-room, Leman-street, London.

This is, perhaps, a fitting opportunity to refer to the work of the Co-operative Union on behalf of co-operative production; and also of the work of other propagandist associations, including the Co-operative Aid Association, which tried, between 1884 and 1891, to do for the South of England what the Christian Socialists tried to do about forty years earlier. The Framemakers and Gilders owed their origin to the latter body, while they were helped by the former in their final struggle.

When the first of the present series of congresses was held in 1869, in London, there was held in connexion with it, a small exhibition of co-operative productions<sup>3</sup>. This resulted in the establishment of a co-operative agency in London, to exhibit samples of the goods produced by co-operative societies. The agency was under the management of Mr. Robert Stephens, and was carried on on his own responsibility, but at the instance of the London section of the Central Board<sup>4</sup>. This effort ceased in 1872, several societies making bad debts with Mr. Stephens. When the congress again met in London, in 1875, a second exhibition was held; and since then, an exhibition has formed part of every congress. In 1879, the exhibition increased in importance, greater *éclat* being given and more public interest being excited by the formal opening, which

<sup>1</sup> *Co-operative News*, vol. xxii. p. 183.

<sup>2</sup> *Ibid.*, pp. 505 and 833.

<sup>3</sup> Congress Report, 1869, p. 101.

<sup>4</sup> *Ibid.*, 1870, p. 12.

was instituted in that year. Mr. J. T. W. Mitchell performed the ceremony; and in doing so, 'he asked them to manifest their sympathy with these societies, which had made great progress considering the difficulties they had to encounter<sup>1</sup>.' From 1879, the opening of the exhibition has held a prominent place in the proceedings of every congress; and there is no doubt that this practice has materially stimulated the success of co-operative production. In many other ways also, this branch of the movement has been cared for and fostered by the Union; and the records of the past twenty years show conclusively that the productive societies have had far more attention and expenditure bestowed upon them, in proportion to their contributions to the Union, than have been bestowed on the distributive societies.

At the 1882 congress, a resolution was passed, instructing the Central Board to set aside a fund for the development of co-operative production<sup>2</sup>. When considering this instruction, the Central Board felt that the funds at their disposal were insufficient for the purpose; and thought that it would be necessary to get societies to subscribe specially, if the resolution must be carried out. The Board thereupon consulted the sections: and all, except the Southern Section, replied that it would be impossible to get the societies to subscribe. The Southern Section thereupon set to work to try to do something in the direction indicated. All parties among Southern co-operators joined in the proposal; for those who were sceptical of any good resulting from it, thought that, at any rate, it would give the enthusiasts a chance of working out their views.

A very enthusiastic conference was held on the subject, on March 24, 1883, in London, Mr. A. H. D. Acland being in the chair, while Messrs. Lloyd Jones and Robert Newton read papers. Mr. Lloyd Jones advocated a standing committee, 'for the purpose of investigating the claims of voluntary productive associations,' and expressed the opinion that while

<sup>1</sup> Congress Report, 1879, p. 11.

<sup>2</sup> Ibid., 1882, p. 96.

‘much may be done to forward productive co-operation by advice, instruction, and encouragement given to members of trades unions . . . more may be done by encouraging in a right spirit well-intended and well-directed volunteer efforts among the members of various societies . . . but there is still more to be done by a wise initiation on the part of the managers of the Wholesale, or in conjunction with them, than in any other way.’

Mr. Newton advocated raising a fund in the section to lend out to productive societies. During the discussion, in reply to Mr. Nuttall, Mr. Lamb, and some others, who were jealous for the federated system, I pointed out that

‘there was room enough for all sorts. The Wholesale could take up tanning, soapmaking, and other trades; but it could not take up everything. What could not be done by federal effort, might be done by individual association . . . and what could not be done by either of these, might be done by industrial partnership.’

At a second conference on the same subject, at which, in consequence of a resolution passed at the previous one, the plan of a Co-operative Aid Association was expounded in a paper by Mr. Pumphrey, I remarked that ‘it was only proposed in the scheme set forth by Mr. Pumphrey to work co-operative production for the supply of the outside public;’ and I ‘did not think the most ardent federalist would object to that.’ After unanimously passing a resolution, moved by Wm. Nuttall, calling on the Wholesale to carry out the Edinburgh Congress resolution, which requested them to enter more largely into production, it was resolved that a committee be formed to register a society as suggested<sup>1</sup>.

Thus was started the Co-operative Aid Association, Limited, a society registered, April 15, 1884, under the Industrial Societies Act ‘to give financial support to productive societies, to create a public opinion in favour of productive societies, and to disseminate a knowledge of the

<sup>1</sup> *Co-operative News*, vol. xiv. pp. 263 and 672.

best means of organizing and working them.' The society's operations were to be limited to the Southern Section, and were to be conducted in harmony with the Central Co-operative Board ; which body, by the rules, was entitled to elect a fourth of the committee. Southern co-operators were each invited to take up one £1 transferable share, so as to form a security on which retail societies could advance money on loans ; which money, in turn, the Aid Association could lend to productive societies. There were to be no profits, and the expenses were to be met by means of voluntary contributions. Branches were to be formed in connexion with the retail societies, and it was expressly stated that 'the utmost freedom in the formation and constitution of these productive societies will be encouraged, whether they are federal or composed of individuals ; the only desire will be to encourage co-operative effort in the direction of production <sup>1</sup>.'

For six years I acted as chairman of the Aid Association, but gave up the position in February, 1890, when Mr. J. J. Dent succeeded me. From December, 1886, Mr. C. Waggitt was hon. secretary. The association kept working until August, 1891 ; when, in consequence of heavy losses by the failure of some productive societies, it was determined to suspend operations for a period of twelve months <sup>2</sup>. During the active life of the association, assistance was rendered, in the formation of thirty-six productive societies, and in the establishment of the London branch of the Co-operative Printing Society. Two of the societies were in the Midland Section. They were helped by guarantees given to the Army Clothing Department for the due performance of contracts. Both societies are very successful. Nineteen societies have already been noticed, and of the remainder, one is very successful, but scarcely comes under the category of a productive society. Six of the remainder

<sup>1</sup> Prospectus of the Aid Association.

<sup>2</sup> Congress Report, 1892, p. 101.



have not yet emerged beyond the registration stage, and probably never will, with perhaps one exception. Of the other eight, I will give some brief details. The total advances made to societies by the association were eighteen in number, and amounted to £1,046. Of this sum, there were £340 outstanding on August 4, 1891, and the association had £352 of available assets in addition. From the formation, there was always a surplus of capital in the hands of the officers, above what was required for loans to productive societies. This surplus was reinvested with distributive and building societies on short loan, so as to be ready in case of need for making additional advances. The expenses of the association amounted to between £30 and £40 a year; and were principally for postage, printing, and travelling, all other services being rendered gratuitously. For the guarantees given to government, a small premium was charged. This was placed to a reserve fund, to which also was placed the small annual balance accruing, year by year, through the association receiving 5% on its investments, and not having to pay interest to the shareholders on amounts under £1. As it was foreseen that the association was 'sure to have losses sooner or later, and these losses, like the working expenses, can only be met by voluntary contributions,' sympathizers were asked to give contributions to the reserve fund, and so prepare against contingencies<sup>1</sup>. At the end of 1886, the reserve amounted to £20, and was steadily increased until, in 1890, it amounted to £162. Losses by the failure of two productive societies reduced the fund to £68, and in August, 1891, it had again increased to £82. The losses which have since caused the temporary suspension of work, may amount to £200. Against this, there is the above-named reserve and the transferable shares, which latter amount to £200; so that the loanholders' claims, of about £500, are fully secured<sup>2</sup>.

<sup>1</sup> Aid Association, Second Report, p. 6.

<sup>2</sup> Aid Association Reports, 1890-1, and August, 1891.

Among those who helped to form the Aid Association was Mr. E. O. Greening. But there were several points to which he took exception; one being the decision not to invest the association's funds in the shares of productive societies, but only to make loans; another being the expressed determination of the association to help all forms of co-operative productive effort; and a third being the limitation of the association's work to the Southern Section.

Mr. Greening thereupon, a few months later, founded the Labour Association for the 'promotion of co-operative production, based on the co-partnership of the worker;' and at a conference held in London, on December 13, 1884, an unsuccessful effort was made by the supporters of the Labour Association to get the Aid Association as an auxiliary; the reason against becoming auxiliary being that the Aid Association was officially part of the Southern Section of the Co-operative Union, while the Labour Association was an independent body doing what it pleased, irrespective of the Co-operative Union and of the Central Board<sup>1</sup>. Several societies have been the outcome of the Labour Association's work, among them being the Working Bookbinders, the Bag Manufacturing, and the London Cocoa Productive Societies. For several years, however, it has concentrated its efforts, in conjunction with the Agricultural and Horticultural Association, on promoting an annual flower show, productive exhibition, and festival, at the Crystal Palace; and in this joint labour it has achieved considerable success.

The success of the Palace Festival has led to the Northern Section of the Co-operative Union starting a festival at Tynemouth; and there also, the productive societies benefit by having an exhibition arranged, in which they are able to display their goods to large numbers of co-operators and the general public.

One of the first societies formed under the guidance of

<sup>1</sup> *Co-operative News*, vol. xv. p. 1142.

the Aid Association was the London Portmanteau, Trunk, and Bag Makers' Co-operative Productive Society, which was registered on January 23, 1884. The promoters were trade unionists, and were stimulated to the attempt by the discussions at the conferences held to form the Aid Association. The rules provided for £1 transferable shares, and for a committee, to consist of six portmanteau makers, four bag and case makers, and two trunk makers. The profits, after paying 6 % per ann. on shares, were to 'be divided—half among the members in proportion to their paid-up capital, and half among the employés of the society in proportion to their earnings.'

At the beginning, the society was very self-reliant, and was determined to raise capital exclusively among the workmen in the trade. By August, 1885, the society numbered 126 members, and had £183 of paid-up capital. It was not intended to start business until £400 had been subscribed; but, having 'received an offer of large orders, a special members' meeting' determined to start at once<sup>1</sup>; and business was thereupon commenced in September, 1885. 'The first balance sheet showed a loss; and the difficulties were increased by the employers of some of the members raising objections to them being connected with the society. It was also difficult to secure orders, owing to the shopkeepers' repugnance to co-operation<sup>2</sup>.'

External difficulties caused internal dissensions. 'There was what seems to have been a split. The secretary and manager had to, or any rate did, resign; and another secretary and another manager were elected.' An accountant, to set their books in order, was supplied by the Aid Association. This body also advanced a loan of £50 in August, 1886; and a further loan of £50 in January, 1887<sup>3</sup>. At the end of 1886, the society had 165 members, £316 of share capital, and £61 of loans. The sales for the year

<sup>1</sup> Aid Association, First Report, p. 8.

<sup>2</sup> Ibid., Second Report, p. 7.

<sup>3</sup> *Co-operative News*, vol. xix. p. 1328.

were £894<sup>1</sup>, but there was no profit. At the end of 1887, the share capital had increased to £374, and the sales for the year were £1,056; but there was a loss of £35<sup>2</sup>.

On July 3, 1888, the Aid Association sent a deputation to the Portmanteau Makers, and 'had the pain of listening to a set of disclosures made by Mr. Mellish, the then secretary, which showed that his predecessor had left the books in such a muddle that the committee were quite unable to give any idea of the position of the society. . . . The manager had left, and started business for himself.' Several special meetings of members were then called, which convinced the Aid Association that the only proper course for it was 'to take prompt action in the interests of those' who had entrusted it with their savings; and in consequence of this action, the Portmanteau Makers went into voluntary liquidation on December 12, 1888<sup>3</sup>.

During the liquidation, additional facts became 'known, such as the pledging, at common pawnshops, of manufactured stock, for sums ridiculously below the cost,' which threw a strong light on the recklessness with which the society was managed. In the opinion of the Aid Association, the failure was largely due 'to long-continued dissension, almost from the commencement of the business; to inexperience in management, and the difficulty at some seasons of the year in obtaining trade; also to a want of appreciation of the value of accurate work books; and, finally, to a gradually increasing distrust of one another on the part of the members<sup>4</sup>.' The Aid Association lost £89 out of their £100 loan, and of course the shareholders received nothing<sup>5</sup>.

A Bag Manufacturing Supply Association, 11 Moor Lane, London, was registered on July 19, 1886, under the Indus-

<sup>1</sup> Congress Report, 1886, p. 136.

<sup>2</sup> Registrar's Returns, 1887, p. 46.

<sup>3</sup> *Co-operative News*, vol. xix. pp. 1329 and 1291.

<sup>4</sup> Aid Association, Fourth Report, p. 4.

<sup>5</sup> Ibid., Fifth Report, p. 14.

trial Societies Act<sup>1</sup>. This society owed its origin to the generosity of Mr. Bolton King, one of the founders of the Labour Association. Two brothers (Wilkins) formed the society, which consisted of eight members, with £8 of share capital, and Mr. King advanced them £500 of loan capital. The rules secured to the Messrs. Wilkins absolute control of the business. Friction quickly arose between the Portmanteau Makers and the Bag Supply Association, and the Aid Association sent Mr. H. J. V. Neale to endeavour to persuade Mr. King to remove 'an ostensibly co-operative association' from a 'field already occupied' by a real productive society, formed by the trade unionists themselves<sup>2</sup>. Mr. Neale's efforts were, however, fruitless.

The first half-year's sales of the Bag Supply Association amounted to £347<sup>3</sup>, and the second amounted to £965. There was a net loss on the year's working, after paying 5 % on loans, of £60; and the association reported that they found the 'capital of £8 in shares and £500 in loans insufficient.' They had, therefore, 'decided to issue 2,000 preferential shares of £1 each<sup>4</sup>.' An appeal for subscriptions for these shares, claimed that the association was 'founded on true co-operative principles, all the workers being partners and shareholders, with the right of sharing in the profits and electing the committee of management;' but the appeal did not state the number of shareholders, nor the amount of ordinary share capital held by them. Six months later, Mr. Wilkins said 'we have taken our stand amongst the manufacturers in our own particular trade, and derive our custom exclusively from the trades . . . and we are obtaining orders from four of the largest wholesale buyers in the kingdom,' but 'not one co-operative society or store renders any support whatsoever<sup>5</sup>.'

At the beginning of 1889, the Bag Supply Association

Registrar's Returns, 1889, p. 117.

Aid Association, Second Report, p. 7.

Congress Report, 1887, p. 136.

*Co-operative News*, vol. xviii. p. 999.

*Ibid.*, vol. xix. p. 63.

came to an end. The capital then consisted of £8 ordinary share capital, £600 preference share capital, and £400 loan; all, except the £8, having been supplied

'by outside friends of the society. Of this, £600 was lost during the society's existence. It employed for some time twelve men, one woman, and eight or nine boys and girls, but, as stated above, only eight of these were shareholders, the rest being simply employés. The causes of the loss are attributed, by the officials, to the want of regular work, coupled with the system of fixed weekly wages, it being stated that the eight shareholding members insisted upon being paid their weekly wage, even when there was no work to do. The president and secretary of the society were, by rule, irremovable, and absolute power of management was given to them, but it is evident that neither they nor the remaining shareholders were qualified to carry on a productive society, and it is very doubtful whether a society constituted as this was, ought to have been recognized as co-operative<sup>1</sup>.'

Writing on July 16, 1887, Mr. George Hines said :

'The mat manufacture . . . has centred itself . . . in the western portion of Suffolk, probably on account of the low price at which labour can be obtained. . . . Taking trade as a whole, 13s. or 14s. a week has been about the average wages when in full work. . . . There is little doubt that most of the men, with the miserably low wages they were able at any time to earn, were constantly in debt to the shopkeeper. In fact, the credit system is literally chronic in these parts; numbers of families are slaves to it all their lives through, and at the mercy of those who employ them<sup>2</sup>.'

Principally through Mr. Hines' efforts, backed up by the Aid Association, who supplied information respecting markets for both buying and selling, prices, &c., the Long Melford Co-operative Mat Society was started and registered in the early part of 1887. The shares were to be 10s. each, two to be transferable and the remainder withdrawable. Mr. Hines estimated 'that about £155 would be ample in order to set several men going; and suitable

<sup>1</sup> *Co-operative News* (Central Board Productive Committee's Report), vol. xx. p. 237.

<sup>2</sup> *Ibid.*, vol. xviii. p. 705.

factory accommodation was obtainable for £20 a year rent. As the manager is a working one in the productive part, and only a part of his time is required for other duties, the expenses above the cost of production will be very small.' In May, 1887, 'the men's hands were forced by rumours of the intention of their employers to discharge some of them. Consequently, without waiting to get certain machines which had been considered necessary when making the estimate of capital required, they started work' on a share capital of £40 raised by about thirty shareholders, and a loan of £25 from the Aid Association<sup>1</sup>.

The working members of the society soon developed an inability to attend to the commercial requirements of the business, 'but mainly owing to the energy and devotion of Mr. Hines, who paid repeated visits at the instance of the Aid Association, their books were put into order, and relations were established with co-operative societies, both as customers and shareholders.' Writing on February 18, 1888, Mr. Hines said, 'The men have been fighting truly an uphill battle. Capital and trade have come in so slowly that it has positively been, sometimes, almost a case of starvation to the men; going home, as they have done repeatedly, at the end of a week with only six or seven shillings in their pockets.' Both co-operative societies and private firms praised the mat-makers' goods, both for quality and prices<sup>2</sup>.

The first balance sheet was made out up to June 30, 1888. The share capital was then £153, and the loan £25. The sales amounted to £365, and there was a small profit of £2 14s. 8d. The second balance sheet was for the half-year ending December 31, 1888, and showed sales of £434, with a profit of £8 6s. 6d. The third balance sheet was made out up to December 31, 1889. The sales for the year were £1,110, and the profit was £30 14s. 11d. The sales for 1890 were £1,223, and the profit was £40 4s. 1d.;

<sup>1</sup> *Co-operative News*, vol. xviii. p. 705.

<sup>2</sup> *Ibid.*, vol. xix. pp. 159, 256 and 400.

and it was noted that 'it is a great drawback to the welfare of the society that purchasers compare their prices with those of prison-made articles, because there is no comparison between the articles made at Long Melford, and the loose common article made by forced labour.' A present of £10 was given to the secretary for his services to the society<sup>1</sup>. The end of the year 1891 again showed an increase of sales, the amount being £1,349; but the profit was only £35 11s. 2d. After providing for depreciation of fixed stock, the profits, since the society started, have been sufficient to pay 5 % per ann. on share and loan capital, and a small reserve fund of £9 has been accumulated; but no bonus or profits have been allotted to labour. After paying 5 % per ann. on share capital, the rules provide for 50 % of the remaining profits being divided among the workpeople, 25 % among the purchasers, 15 % to a reserve fund, and 10 % to shareholders<sup>2</sup>.

At the end of 1891, the share capital amounted to £370, and the loans to £75. The capital subscribed by employés was £45. Ten societies and seventy-five individuals, including twelve employés, were shareholders. No employés were on the committee. The society was employing nineteen persons, all of whom worked on the premises. The fixed stock, after depreciation, stood at £363. The prosperity of the Mat-makers was checked in 1892; and at the end of that year, the Society was in a very critical condition.

In 1887, a number of foreign workmen employed in the London cigarette making trade applied to the Aid Association for assistance in starting a productive society, 'owing to the harsh treatment to which employés in the cigarette trade had been subjected.' At first, they only admitted working members of the trade as shareholders, the original rules of the Cigarette Makers' and Tobacco Cutters' Manufacturing Society, which were registered in 1887,

<sup>1</sup> *Co-operative News*, vol. xxii. p. 230.    <sup>2</sup> *Ibid.*, vol. xviii. p. 705.



excluding all other persons. The rules also provided that each member should take up at least five £1 shares. By the end of the year, the society had fifty members with over £200 of paid-up share capital. The Aid Association then advanced £100 on loan, and business was commenced at 157 Houndsditch, on December 27, 1887. The rules provided that 60 % of the net profits should be divided among the working shareholders in proportion to their wages, 10 % to the shareholders in addition to 5 % interest, 10 % to a reserve fund, and 20 % to the purchasers. According to an *Echo* reporter, the committee of the society claimed to 'ensure the employé's higher wages than are ordinarily given in the trade; we limit their hours to eight in the day, and we give the manager a fixed salary, so that he will not be inclined to speculate, or grind down the workers.' In March, 1889, the rules were altered so as to admit outsiders as shareholders, additional capital being very much needed. All shares were made transferable, but it was only obligatory to take one. The rule as to profit was also altered. After paying 6 % per ann. to shareholders, 25 % of the remainder was to be allotted to customers, 25 % to the work-people, and 50 % to a reserve fund<sup>1</sup>.

The first balance sheet, for the quarter ending March, 1888, reported sales amounting to £1,271, being about £98 a week. A small profit of £3 had been realized, which was carried to reduction of formation expenses. The committee informed the shareholders that they regretted

'to see the great hostility displayed by so many manufacturers; we had hoped that they would have at least allowed us fair play; but find that, because our aim is to raise the working men and allow them to share in the profits, in addition to paying fair wages, instead of letting it go into the pockets of the capitalists, that we shall have the most vigorous opposition they can possibly give. . . . Seven or eight men have already been instantly dismissed by their employers, because they were suspected of being members of our society. Owing to this

<sup>1</sup> Aid Association, Second Report, p. 7; *Co-operative News*, vol. xix. pp. 56 and 231, and vol. xx. p. 255.

stern fact we have not inserted the names and attendances of the committee.'

For the whole of the year 1888, the sales were £6,417; but no profits were realized during the remaining three quarters. For the June quarter there was a profit of £33, but losses in September and December quarters just cleared it away. In October, the committee 'deemed it advisable to make several alterations in the management,' and they arranged with the secretary to undertake the additional duty of manager. At the end of 1888, the share capital amounted to £256 and the loans to £111. There was also a small reserve of £4 15s.

In the year 1889 the sales were £7,866; and after making some slight provision for writing off special charges, there was a profit on the year of £51. The committee, in their December report, said:

'We now think the time has come, when we can, with confidence, ask our friends to take further shares. Our present capital is too small for the business, as will be seen on reference to the balance sheet, we having more outstanding accounts than we have capital. . . . We also desire to extend our trade, and to do so successfully we shall have to lay down machinery. To put down machinery and properly manufacture tobacco we shall require from £2,000 to £5,000.'

According to a return supplied to me at this date, the society was then employing 20 persons, 5 of whom were on the committee. Two-thirds of the trade were done with co-operative societies and one-third with private firms; £17 of share capital were supplied by 3 societies, £57 by 11 workers, and £187 by 43 other persons.

The sales for 1890 were £9,557, on which a net profit of £96 was realized. After reducing some special items, such as brands account, the remainder was placed to the reserve fund, as 'we have standing on the books nearly £90 as doubtful debts,' of which 'it is probable that 25 % will be recovered.' The rate of bad debts since the society started, had been 'less than  $\frac{1}{2}$  %' on the sales. The appeal for

more capital had not been very successful. The shares stood at £242, and the loans at £216.

In 1891, the society removed to larger premises in Duke-street, Aldgate. The sales for the year were £10,740, and the profit was £206, the whole of which was placed to the reserve fund. This fund, after deducting £100 placed to the credit of bad and doubtful debts, now stood at £193. The share capital had gone down slightly to £233, but the loans had gone up to £270. There were owing to merchants, £1,324; but there were cash in hand and at the bankers, £264. The fixtures account had been reduced to £30, and the brands account to the same figure.

When everyone was congratulating the society upon its success, a storm broke out at the half-yearly meeting held on April 8, 1892, which resulted in the majority illegally displacing some of the sitting committeemen. Although it would have been an easy matter to have carried the change through legally, the majority would not consent to take the trouble; and in consequence of the disturbance, the creditors became alarmed for the safety of their accounts, and took action for the recovery of their money. The result was to force the society into voluntary liquidation; and the consequent forced sale of the society's assets, resulted in the loss of all the share capital.

In August, 1889, the master bass dressers of London locked out their men for forming a trades union. The men had become unionists, because the inferior condition of the imported raw material had reduced the amount of wages they could earn weekly by piecework, from 36s. in 1884 to 22s. or 23s. in 1889. There are only about 160 bass dressers in London, and of these over 100 stood firm to the union. When the lock-out had lasted over a month, the men turned their attention to co-operation; and Messrs. Nash and Waggitt, from the Aid Association, met them at Toynbee Hall, to give advice on the subject, on September 12, 1889. It was calculated that with £300 capital, the men could make a fair start; and as 'it takes three years'

practice to make a man really skilled in the manual process,' they had every chance of success; for the bass must be dressed, and 'the most friendly relations existed between the dressers and the brushmakers, some of whom intended to take shares in the society' <sup>1</sup>.

'Nearly every man in the union paid his entrance fee, and undertook to take up a share' in the Co-operative Bass Dressers Limited, which was registered, and started business at 105 Charles-street, Stepney, on October 7, 1889. 'A circular, stating the facts, and inviting investments, . . . brought in more than £500, . . . and the Aid Association advanced £50.' The help thus given 'acted as a stimulus to everyone: it helped the employers to see the wisdom of abandoning the lock-out, and paying better wages. It enabled the men to preserve their union, and to ensure the permanence of both' good wages and the trades union, by securing the establishment of the co-operative workshop <sup>2</sup>.

The first balance sheet of the Bass Dressers was made up to December 31, 1889, and showed 123 members with a share capital of £557, and loans £50. The sales for the ten weeks were £715, and the wages paid were £175. On the sales, there was a realized profit of £32 3s. 4d., which was distributed as follows:—5 % per ann. on shares, £4; dividend to purchasers at 3d. in the pound, £9; ditto on wages at 1s., £9; £2 to depreciation of fixtures, and remainder to reserve. A *Star* reporter visited the place in January, 1890, and wrote, the 'work is thorough.' The men 'are not forced to hurry and scamp it,' and 'the result is that whatever tendency manufacturers may have felt to boycott the productions of these co-operative workmen, is more than checked by the excellence of their goods.' The men said, 'it is not only the better weekly money that we get, but the fact that we are our own masters. We aren't liable to be bullied and sworn at and sweated like slaves. We can feel that we are, in a way, free men' <sup>3</sup>.

<sup>1</sup> *Co-operative News*, vol. xx. pp. 1030 and 1055.

<sup>2</sup> Aid Association, Fifth Report, p. 8.      <sup>3</sup> *London Star*, January 8, 1890.

The balance sheets for 1890 showed sales £4,358, with a loss of £32. This was ascribed to 'the very high prices of the raw material, owing partly to its scarcity, and partly, we have reason to believe, to a combination of private firms. . . . A sub-committee, composed of members of the society, and of the Aid Association, have considered the question of the society commencing brush and broom making, but . . . it has been thought prudent not to start for the present<sup>1</sup>.' For the year 1891, the sales were £3,333, on which there was a loss of £4. In the middle of the year the society began making brooms, and succeeded in securing a vestry contract. In August, 1891, the men in the private trade struck for '8s. per cwt. advance in the price of dressing.' The society at once gave the advance, 'hoping to be able to sell quickly and thus keep a few men in work, so as to help the others over the strike. Our hopes, however, in this direction were not realized, and being unable to obtain orders for our bass, we had to stop work after dressing all the raw material in stock. The men, after staying out for 14 weeks, were forced to give in and return to work at the old price, through which we sustained a heavy loss; as although we had paid a higher price for labour than our competitors, we were unable to command a higher price for our goods<sup>2</sup>.' The share capital at the end of 1891 stood at £608, and the loans at £53. The wages paid during the year amounted to £512. Several employes were on the committee. Only £9 of share capital belonged to the work-people. One co-operative society was a shareholder to the extent of £5, and 122 individuals held the remaining £594 of share capital.

The balance sheet for the half-year ending July, 1892, showed a serious loss of £105. The sales were £878 only; which, the committee said, had reduced their 'chance of making a profit.' The committee were, however, in hopes of doing better, as they had 'secured the contract for

<sup>1</sup> Aid Association, Sixth Report, p. 5.

<sup>2</sup> Society's Balance Sheet.

supplying bass brooms to the London County Council for the period of twelve months.'

In 1889, the stick and cane makers of London commenced a series of educational meetings at Toynbee Hall, under the guidance of the Aid Association, with a view to forming a productive society, and a society was registered by them, in the same year, under the title of the International Stick Manufactory, Limited, 28 Commercial-street, E.<sup>1</sup> The name was afterwards altered, in 1890, to the London Stick Manufacturers.

In their prospectus, the stick-makers complained of 'the insanitary condition of the workshops, the hours of labour, and the fact that of late years our wages have been subject to continual reductions.' The shares were to be £1 each, and bear interest at the rate of 5 % per ann. It was estimated that a capital of £600 was necessary 'to establish a workshop.' In December, 1890, the society had over 350 shares subscribed, of which 100 were fully paid up. The subscribers were all stick-makers. They then appealed to the general public to help them; saying, 'ten weeks ago, 300 men came out on strike against the wholesale introduction of boy labour into the trade;' so that it was 'found necessary to commence work as soon as possible. A workshop has been taken, and as soon as it is fitted up we can put some of those on strike at work. By the New Year we hope to be fairly started<sup>2</sup>.' The Aid Association advanced the society £50 as a loan<sup>3</sup>.

In February, 1892, the Aid Association reported that the Stick Manufacturers, on starting,

'received good orders, and altogether the outlook was most promising. Reports from time to time were favourable, so far as trade was concerned, but they found that more capital was wanted. We could not see our way to go further in granting loans than an amount equal to half their share capital. We are

<sup>1</sup> Registrar's Returns, 1889, p. 113.

<sup>2</sup> Prospectus, December 10, 1890.

<sup>3</sup> Aid Association, Sixth Report, p. 6.

sorry to have to report that the society was only working six months when strong dissensions arose; and, on our going into their affairs with a view to taking suitable action, we found that they had been selling goods for, in some cases, half the cost of material and production; and in many ways, owing, no doubt, to their want of mutual trust and business ability, grossly mismanaging affairs generally. We have only, up to now, been able to secure about 2s. in the pound of our loan, the landlord having taken almost all stock and fixtures for arrears of rent<sup>1</sup>.

A Co-operative Millstone Makers' Society was registered in 1890 at Little Trafalgar Square, S.E.<sup>2</sup> The members raised £70 of share capital, and obtained from the Aid Association a loan of £10. They obtained a few orders, which were satisfactorily executed; but they then mysteriously dissolved, leaving the Aid Association loan unpaid<sup>3</sup>.

The Productive Co-operative Cabinetmakers' Society, 17 Victoria Park Square, E., was registered in 1889<sup>4</sup>. It was started by means of 'open-air meetings of men in the trade; who knew full well the terrible effects of sweating in the East End<sup>5</sup>.' Mr. Arnold White gave the men encouragement by pointing out how the society could obtain orders from men like himself. The Hon. Thomas Brassey also interested himself in the society, and gave it some orders. The quality of the work was of a very superior character. The society had the advantage of being in connexion with the Oxford House settlement at Bethnal Green. In a short prospectus, addressed to 'Co-operators and others,' the committee asked for 'the generous support of all to assist us in practically lessening the evils of sweating. . . . Being established on strict business lines,' they said, 'and carrying out the principle of co-operation,

<sup>1</sup> Congress Report, 1892, p. 101.

<sup>2</sup> Registrar's Returns, 1890, p. 119.

<sup>3</sup> Aid Association Report, 1891, p. 6, and Congress Report, 1892, p. 101.

<sup>4</sup> Registrar's Returns, 1889, p. 114.

<sup>5</sup> *Co-operative News*, vol. xxiii. p. 1399.

by dividing profits among the workmen and customers, we promise in return for orders, justice and our best thanks.'

In July, 1890, the society had 143 shareholders, 122 of whom were workers in the trade with £89 paid up; there were twenty sympathisers who were shareholders with £114 paid, and one co-operative society with £5 paid; making a total share capital of £208. The sales so far had amounted to £272, of which £255 were to private persons, and £17 to co-operative societies. There were two employés on the committee, and three members were being regularly employed on the premises. The profits were to be divided as follows:—50 % to the work-people, 15 % to the managing committee, 5 % to members for special services, 5 % to an educational fund, 10 % to shareholders, and 15 % to customers<sup>1</sup>.

The secretary informed me in December, 1892, that the society was very much in need of orders; and I think that at that date, there was no one being fully employed by it.

A Co-operative Bedroom Suite Manufacturing Society, 4 Club Row, Bethnal Green, was registered in 1890<sup>2</sup>. They began vigorously; and in September, 1890, according to a statement made to me by one of the members, there were seventy members with £140 of capital. The society had been working for six weeks, and was then employing twenty-four hands; while the sales amounted to £80 a week. The Aid Association was asked to help, and 'thinking the society had good prospects, they 'advanced a loan of £25 . . . but the same causes as noticed in the stick-makers compelled those who were endeavouring to make it a success to wind up the society:' and the Aid Association received an intimation that 3s. 5d. in the pound dividend, was to be declared to the creditors<sup>3</sup>.

<sup>1</sup> Return supplied to me by the secretary.

<sup>2</sup> Registrar's Returns, 1890, p. 119.

<sup>3</sup> Congress Report, 1892, p. 101.



A Glassmakers' Productive Society, 18 Morgan-street, Canning Town, was registered in 1889<sup>1</sup>. The founders were 'all employed in the same works, the owner of which recently gave notice that they would be closed in consequence of financial difficulties. The men immediately waited upon their employer, and explained how, with their practical knowledge the concern could be worked at a profit, if one of their number was appointed manager<sup>2</sup>.'

The employer allowed the men to make an informal experiment, while the society was being registered and the share capital was being subscribed. 'The traveller of the firm joined them in their venture. They got orders and made it pay, which induced the master to change his mind<sup>3</sup>.' The society has not yet made a start in business. At the end of 1891, there were twenty-four members with £142 of share capital<sup>4</sup>, and they were striving to make it £200; which sum, it was considered, would enable the society to begin with a reasonable prospect of success.

The last venture that sprang from the Aid Association's propaganda, was the London Co-operative Leather Manufacturers' Society, of 46 Leroy-street, Old Kent Road, E. It originated from the Bermondsey branch of that Association. A member has told me that the first meeting to consider the formation of this society, was held on September 3, 1890, when six leather dressers attended. At this meeting, a sub-committee of three was appointed to take further action. The society was registered on July 15, 1891. Each member has to hold at least five shares of £1 each, the first of which 'shall bear no interest.' The remaining share capital will receive, as a first charge on the profits, a dividend of not more than '3 % per ann.' Of the balance of profits, half will be divided among the shareholders in proportion to their capital, and 'the other half to labour, to be

<sup>1</sup> Registrar's Returns, 1889, p. 113.

<sup>2</sup> *Co-operative News*, vol. xx, p. 919.

<sup>3</sup> Aid Association Report, 1890, p. 10.

<sup>4</sup> Congress Report, 1892, p. 164.

apportioned according to the wages earned by each worker ;' but only to be 'credited to him as shares<sup>1</sup>.'

The above-named informant further told me, that 'in the summer of 1891, the secretary paid a visit, at his own expense, to the various boot and shoe productive societies in the Midlands, including the C.W.S. works at Leicester, and obtained promises of support, if the goods were satisfactory.'

Business was commenced in August, 1892, to find work for some of the men connected with the society who were being boycotted by the masters, in consequence of a strike which had taken place a short time before, and in which these men had taken a prominent part. In their first balance sheet the committee said :

'Although we have had to fight against great difficulties during the seven weeks which ended on September 30, through want of necessary machinery, and also through constant stoppages in the work, through fitting up, &c., we have been enabled to do a trade of £123, showing a profit of £6 6s. 3d. Your committee have received a large amount of support from the Co-operative Wholesale Society. Your society is dressing a large quantity of work for them, which was hitherto done by private firms ; the work, we believe, is giving every satisfaction, as we have received from them, during the last week or two, sufficient to keep us going to the end of the year. We have also obtained orders from other societies.'

In the seven weeks, £75 had been paid for wages, and £160 had been expended on fixed stock. The share capital stood at £173.

On October 16, 1885, a meeting, promoted by the Labour Association, was held at Toynbee Hall, for the purpose of forming a 'society in the east of London for manufacturing and packing articles of domestic use in common sale by co-operative societies.' The meeting was addressed by Mr. E. O. Greening and Mr. E. W. Greening. The latter said

<sup>1</sup> Society's rules.

'the intention was to commence with the manufacture of a co-operative cocoa, cocoa being an article in large demand through the stores, and one yielding a fair gross profit. It would require £1,500 capital to commence making powder cocoa on a moderate scale, £500 more for chocolates, and probably another £500 for creams; but the committee would limit themselves to one article only at the outset, and make that successful before touching a second<sup>1</sup>.'

Thus was commenced the London Productive Society, Limited, which was registered on October 28, 1885, under the Industrial Societies Act, the model rules of the Co-operative Union, with certain modifications, being adopted. The profits, after paying 5 % on share capital, were to be apportioned as follows: '30 % to the workers *pro rata* on the amount of their wages,' 10 % each to an educational fund and a provident fund, '10 % to the president as managing director,' 1 % to each committeeman, 4 % to a special rewards fund, '20 % to co-operative societies who are agents of the society, *pro rata* on the amount of their purchases,' and 10 % to share capital. The president was to be the manager<sup>2</sup>.

A prospectus issued by the society soon after registration, declared its belief that the above system of sharing profits would 'destroy the conflicts which now exist in trade between capitalists and workers, buyers and sellers, brain-workers and hand-workers, and bring about a co-operation between these necessary elements to success, which will tend to make each work for the good of all, instead of wasting their energies on a useless and expensive competition.'

Some friction arose between the new society and the Wholesale Society, through the committee of the latter intimating that the manufacture of cocoa had been for years before them, and that they had determined to recommend the members to go into the business. After several

<sup>1</sup> *Co-operative News*, vol. xvi. p. 966.

<sup>2</sup> Rules of the society.

adjournments, from one quarterly meeting to another, the Wholesale Society did start ; but it also acted on an offer made by it at the outset, to be agents for the sale of the London Productive Society's cocoa<sup>1</sup>.

The London Productive Society took premises, not in the East End, but at Thames Ditton, at the latter part of 1887 ; and commenced business in January, 1888. I have a complete file of balance sheets, up to and including the one for June, 1892, from which I have culled the following particulars. The balance sheet for June, 1888, reported that the society was making one speciality, and that 'over 400 societies are acting as distributors.' The share capital paid up was £1,605, and the loans amounted to £305. The sum of £1,412 had been expended on machinery and fixtures. The preliminary expenses, amounting to £87, were taken as an asset, as was also a suspense account, 'creation of business,' amounting to £327. At the end of 1889 the paid-up share capital was £1,752, and the loans £366. The sales for the year were £2,006. In the assets, the preliminary expenses stood at £90, and the suspense account, now termed 'goodwill,' £500. There was a balance of loss, in addition, of £20. At the end of 1890, the share capital was £1,792, and the loans £395. The sales for the year were £2,257. The profit made during the year was £51. This cleared off the previous year's deficit ; and as no depreciation had been previously written off the plant and fixtures, £25 was appropriated to this purpose, leaving the nominal value of this asset at £1,504. Of course, under the system ordinarily adopted by co-operative societies, the depreciation of plant, &c., should be a charge on the expenses account ; and at  $7\frac{1}{2}\%$  per ann., would have amounted on the three years to about £306. The remaining balance of profit, about £5, was devoted to reduction of preliminary expenses, leaving the item at £87. The 'goodwill' suspense account was kept at £500. For

<sup>1</sup> *Co-operative News*, vol. xvii. p. 559.

the year 1891, the sales amounted to £2,443. There was a nominal profit before depreciating plant, of £20 in the first half of the year, which was devoted to depreciation of plant, &c., and reduction of preliminary expenses. But the last half of the year showed a loss, without any charge for depreciation, of £79. The share capital stood at £1,867, and the loans at £497; the plant and fixtures stood at £1,505. The assets called 'preliminary expenses' stood at £83, and the assets called 'goodwill' still stood at £500. No interest or dividend had yet been declared on share capital.

In the report for December, 1891, the committee said: the latter half of 1891 'proved itself an exceptionally bad one in our trade. The cold weather not setting in until buyers were busy with Christmas goods, orders were in many cases kept back until the new year; nevertheless, by persistent canvassing the society's sale of manufactured cocoa showed a small increase over those of the corresponding period of the previous year. Unfortunately, this was more than counter-balanced by a considerable decrease in the amount of contract work, the result being a net decrease in the amount of total sales of £59.' Mr. E. W. Greening has been president and manager from the commencement. Writing to Miss Potter in 1891, the manager informed her that most of the employes were members of the society, and three were members of the committee.

The balance sheet for the half-year ending June, 1892, showed a profit of £58; but no provision was made for depreciation. If there had been, it would have turned the profit into a loss. This sum of £58 was taken to reduction of loss account, leaving the balance of loss £21, without reckoning the £583 of preliminary expenses and losses taken as an asset, under the term 'good-will.' The share capital still stood in the balance sheet at £1,867.

Mr. William Simpson (then a branch store manager) and Mr. F. G. Plant (a chemist) were induced by reading Hughes and Neale's *Manual of Co-operation* to start the Co-operative Sundries Manufacturing Society. It began

business at Wellington-street, Gorton, near Manchester, and was registered on June 30, 1885. The rules provided that the shares should be £1 each, and all transferable. After paying 5 % per ann. on share capital, the profits were to 'be divided between capital, labour, and trade, in such manner or proportion as a majority of the members at the ordinary half-yearly meeting' might determine. The objects of the society were described as 'to carry on the trade of dealers, grocery, provision, drug sundries, and patent medicines,' and 'the preparation and manufacture of grocers' and druggists' sundries.' Of the eight signatories to the original rules, four bore the name of Simpson, and two that of Plant.

The balance sheet for the first half-year showed nine members, £29 10s. of capital, £168 of sales, and a profit of £17, which was carried forward. The second half-year showed an increase of membership to fifteen, capital £70, sales £367, and profit £4. The year's profit was then divided as follows:—10 % to share capital, in addition to the 5 % provided by the rules, 2s. 2½d. in the pound to labour in proportion to wages paid, and 4¾d. in the pound on sales<sup>1</sup>.

In the latter half of 1887, two societies became shareholders. In 1888, the business was removed to larger premises at Greenside, Droylsden; and the society made steady progress until, for the year ending October, 1889, there were 23 societies, 38 employes, and 32 other persons shareholders. It was asserted that the society manufactured 'over 97½ % of all it sells,' the bulk of the trade being 'in pickles, sauces, packet jellies, health salts, and temperance wines<sup>2</sup>.' The share capital amounted to £650, and the loans to £340. The sales for the year were £3,387, on which a net profit of £120 had been realized. From this, 6½ % was paid to shareholders, in addition, I think, to 5 %

<sup>1</sup> *Co-operative News*, vol. xvii. pp. 407 and 1086.

<sup>2</sup> *Ibid.*, vol. xxi. p. 969.

interest as per rule ; 1s. in the pound was paid on wages, and 1½d. in the pound on sales<sup>1</sup>.

In 1890-1, the Sundries Society desired to become a shareholder with the Wholesale Society, through whom two-thirds of its sales were effected. The directors of the Wholesale, however, objected to this, saying the Sundries Society 'was apparently commenced as purely a private venture, which has subsequently in some measure attached itself to the co-operative movement,' and pointing out that some of the goods supplied by the Sundries Society came 'into direct competition with our own productions.' In reply to this, the Sundries Society explained that in most of the things in which it competed with the Wholesale, the latter had started making after it had commenced doing so ; and that the Sundries Society could not be a private concern, seeing it had so many societies shareholders. Ultimately, the proposal to allow the Sundries Society to become a shareholder, was negated<sup>2</sup>.

The noteworthy point in connexion with this controversy was Mr. Thomas Hughes' objection to the policy which governed the exclusion of the Sundries Society, viz. 'that no productive society ought to be admitted in future which manufactured any goods produced also by the Wholesale.' He suggested, 'It is well to look the conclusion quietly in the face, and to realize that any body of working men associating to carry on their trade—though they have adopted our model rules and have become members of our Union—will be excluded from the co-operative market so far as the Wholesale can control it, if their products in any way compete with those of the Wholesale workshops ;' and he went on, 'Lest this, as I hold it, most dangerous state of mind should spread in our ranks, I must ask you to let me enter this protest in the most solemn way I can<sup>3</sup>.' Notwithstanding this eloquent appeal, and the fact that the share-

<sup>1</sup> Congress Report, 1890, p. 154.

<sup>2</sup> *Co-operative News*, vol. xxi. pp. 969 and 1231, and vol. xxii. p. 271.

<sup>3</sup> *Ibid.*, vol. xxii. p. 11.

holders in the Sundries Society were able to control 150 delegates at the Wholesale meeting, the vote against admission was carried by 589 against 319 for admission; the editor of the *News* saying, the vote 'is a matter of principle, confirmatory of the previously expressed policy, repeated often at these meetings, of the Wholesale producing for its members the goods which it sells, whenever it is believed to be advantageous to do so, and it adds to that policy the desire to exclude competitive associations from membership' <sup>1</sup>.

The balance sheet for the half-year ending April, 1890, showed a small loss for the Sundries Society, owing, the committee said, to the fact that 'during the season of the year when onions were cheapest, we were unable to buy a sufficient stock through want of capital; and our business increasing so rapidly, soon used up the stock we were able to lay in; and when forced on the market again we had to pay more than double the usual prices, on account of the failure of the onion seed crop.' But the second half of 1890 pulled the society right, and the shareholders received  $7\frac{1}{2}$  % on their capital for the year <sup>2</sup>. For the year 1891, the sales were £8,744, on which a net profit was realized of £708. Of this sum, £185 was divided on £1,726 of share capital, in addition to 5 % interest; £61 went to the employes, at the rate of 1s. 3d. in the pound on their wages; and £158 to customers, at the rate of 5d. in the pound on sales. There were 136 shareholders <sup>3</sup>. For the first half of 1892 the sales were £6,389, and the profit was £237. £72 was divided on the share capital, at the rate of  $7\frac{1}{2}$  % per ann.; wages received 1s. in the pound, and sales 4d. in the pound <sup>4</sup>. The rules do not prohibit employes from being on the committee, but, so far, none of them have been elected as committeemen.

<sup>1</sup> *Co-operative News*, vol. xxii. p. 277.

<sup>2</sup> Congress Report, 1891, p. 152.

<sup>3</sup> *Ibid.*, 1892, p. 174.

<sup>4</sup> *Co-operative News*, vol. xxiii. p. 593.



At Strathaven, Lanarkshire, there are two small productive societies, one of which dates from 1862. It is the owner of a bleaching green, and was registered on September 4, 1863, as the Strathaven Bleaching Green Company, for the purpose of carrying on the trade of bleachers and dyers<sup>1</sup>. Its shares are £1 each, and for the last twenty years the share capital has varied from £450 to £460, while the number of members has varied from 38 to 40. The profits of the society seem to have been from £10 to £20 a year; but while in 1881, 1883, and 1888, there were losses respectively amounting to £3, £6, and £1, in the years 1885, 1886, 1887, 1889, and 1890, the profits were respectively £35, £35, £102, £23, and £103. The Registrar's return for 1876 stated that all the share capital of £460 was invested in the Bleaching Green<sup>2</sup>.

The Strathaven Weavers' Beaming Society was registered in 1886. At the end of 1888 there were 326 members, with £156 of share capital, and £100 of loans<sup>3</sup>. Business was not commenced until 1889, and I have not ascertained exactly the manner in which their operations are conducted. The Registrar's return for 1890 showed the society to have 330 members with £176 of share capital paid up, loans £100, and re-investments £217.

The Glasgow Co-operative Cooperage Company, Limited was started in 1866 by 'a few coopers who had watched with interest the success of the co-operative principle in its application to the distributive store, and were firmly impressed with the belief that the same principle might be advantageously applied to production also.' Mr. J. Borrowman became one of the society's officers. In November, 1869, it was said:

'We cannot boast of great things accomplished; but for three years we have been able to hold our own, paying as good wages to the workmen as others in the same line; we have also paid

<sup>1</sup> Registrar's Returns, 1871, p. 72.

<sup>2</sup> Ibid., 1876-90.

<sup>3</sup> Ibid., 1888, p. 132.

5 % on capital, reduced building and fixed stock, and placed £27 to the reserve fund. . . . We at present occupy our own premises, employ on the average twelve workmen, and have accommodation for thirty; and it is to be noted that the increase of business could be at once obtained if we had sufficient capital<sup>1</sup>.

After this date the society seems to have had reverses, as 'a careful stock-taking,' in July, 1871, 'revealed a deficit of £300, being £68 over the then paid-up capital;' but in the latter half of 1872 they realized a profit of £68, on a trade of £1,213, all of which sum was placed to reduction of fixed stock. The first half of 1872 was reported to have been 'one of the most favourable kind, the profits being handsome. Had it not been for former losses, arising from taking things for granted through over confidence in a manager, the present half-year would have yielded a large bonus.' The sales had been £1,421, the profit was £205, and the capital amounted to £865. The old deficit was cleared away, and besides paying 5 % on capital, a bonus of 1s. in the pound was declared both on share capital and on wages<sup>2</sup>.

In 1874, the company had paid for two years an average bonus on wages of £6 per man. The trade had gone up to £100 a week, and plans had been 'prepared for workshops on the ground already secured; but they were awaiting further capital being subscribed' before proceeding to erect them. The depression in trade, caused principally, speaking from my personal recollection, by the change in the practice of the sugar industry, of packing in bags instead of casks, now seriously affected the company. In 1877, there were 124 members with £1,852 of transferable shares subscribed for, 'of which 77 % are paid up.' The profit was only sufficient to pay 5 % on the capital<sup>3</sup>, and as the state of trade gradually grew worse, the company ultimately

<sup>1</sup> *Co-operator*, vol. ix. p. 787.

<sup>2</sup> *Co-operative News*, vol. ii. pp. 53 and 426, and vol. iv. p. 65.

<sup>3</sup> *Ibid.*, vol. iv. p. 65, and vol. viii. p. 143.

ceased to exist ; but I have not been able to ascertain the exact date at which it died.

In October, 1887, there was 'issued, under the auspices of the Falkirk District Co-operative Conference,' a prospectus of the Bo'ness Industrial Pottery Manufacturing Society, which was registered the same year<sup>1</sup>. It was pointed out that Bo'ness

'is one of the seats of this industry in Scotland, and its productions are said to have enjoyed a world-wide reputation for nearly a century. The locality is possessed of all the natural conditions essential to success. It has a good supply of local clay, and, being a seaport town, has also ample facilities for the importation of other clays at low rates of freight, as return cargoes of coal are always to be had ; and lastly, there is a plentiful supply of skilled labour. . . . The articles proposed to be manufactured are those in everyday demand, and for which a market already exists within the co-operative movement<sup>2</sup>.'

The first general meeting of the society was held in the Scottish Wholesale Society's Hall, Glasgow, on March 9, 1889, when 'besides a good attendance of individual members, delegates were present from' fifteen co-operative societies who had become shareholders. The chairman made 'a stirring appeal to all co-operators and working men to support such enterprises as this, as the only way in which labour could receive its full reward, and work hand-in-hand with capital, instead of being, as now, the slave of capital.' The meeting decided to at once secure a site at Bo'ness for the Pottery<sup>3</sup>.

At the members' meeting, held on January 25, 1890, it was decided 'that no start be made with the works until £7,500 was subscribed<sup>4</sup>.' This resolution was, however, found too stringent ; and at another meeting held on August 2, 1890, it was, at the request of the committee, rescinded<sup>5</sup>. The ceremony of cutting the first sod for the

<sup>1</sup> Congress Report, 1888, p. 64.

<sup>2</sup> *Co-operative News*, vol. xviii. p. 1005.

<sup>4</sup> *Ibid.*, vol. xxi. p. 159.

<sup>3</sup> *Ibid.*, vol. xx. p. 265.

<sup>5</sup> *Ibid.*, p. 800.

erection of the works was performed on March 7, 1891, at Grangepons, near Bo'ness, and midway between Bo'ness harbour and Bridgeness Pier, both being about half a mile distant. A revised prospectus calculated that on an output of ten tons a week for a year of fifty weeks, there would be a net profit of £2,062; and after paying 5 % on share capital, the rules provide for the division of the remaining profit as follows: 'Labour 25 %, capital 25 %, trade 25 %, management 10 %, committee 10 %, and education 5 %<sup>1</sup>.'

The potteries were completed in March, 1892, at a cost of over £10,000, and the opening was celebrated on March 4, 1892, by a supper and dance attended by 'about 250 of the shareholders and friends.' At the half-yearly meeting held on March 5, it was said that 5,683 shares had, up to that date, been subscribed<sup>2</sup>. The potteries, so far, have not been so successful as was anticipated. At the beginning of 1893, a special appeal had to be made to the Scottish societies for additional capital; and they were also urged to take up the earthenware trade, so as to be enabled to purchase the productions of the Pottery. A loss of about £700 had been sustained up to the end of 1892, while a special valuation of the works 'showed a difference of £1,394 between the actual cost and the estimated value<sup>3</sup>.'

The Staveley Co-operative Bobbin Manufacturing Society, Limited, Westmorland, was registered in 1880. In 1883, it had 122 members, with £1,827 of share capital and £998 of loans. Its sales during that year were £3,710, on which a loss was made of £41. In 1884, there was a further loss of £171; and in 1885, the loss was £612. In 1886, there was a turn of the tide, and on sales amounting to £5,046 there was a profit of £503. The share capital then stood at £1,777, and the loans at £857. From that date the society has been uniformly successful, making profits each

*Co-operative News*, vol. xxii. p. 254.      <sup>2</sup> *Ibid.*, vol. xxiii. p. 256.

<sup>3</sup> *Ibid.*, vol. xxiv. pp. 76, 124 and 173.

year, up to and including 1890, of £224, £198, £115, and £102 respectively.

The secretary has informed me that the society employs about 34 persons, all of whom work on the premises. The output runs between £4,000 and £5,000 a year. There are now 111 members, with £1,723 of share capital. The profits are divided solely among the shareholders<sup>1</sup>.

The Union Co-operative Ship-building Society, Blyth, Northumberland, was registered in 1869. The objects of the society were the building and repairing of wooden ships. In 1871, there were 20 members with £1,210 of share capital. The society had done a trade during the year amounting to £9,039; but no mention is made of either profits or losses. In 1872, the society made a profit of £849; and in 1874, a profit of £524 was made. In no other year is any return made to the Registrar of either the amount of trade done, or profit realized. In 1874, the number of members had dropped to 19; but the share capital had gone up to £3,032. In 1877, the number of members was reduced to 7 with £450 of share capital and £1,300 of loans. In 1884, the share capital had increased to £950, while the loans had decreased to £900<sup>2</sup>. No further figures have been supplied to the Registrar; but in the return of 1888, the Registrar noted that the secretary had written to him as follows: 'Owing to wooden vessels dying out, and consequent lack of employment, the society has a very feeble existence; and as we cannot take stock owing to vessels lying in dock remaining unsold, it is impossible to make a return<sup>3</sup>.'

Co-operation in the Fishery Industries requires noticing. At the Plymouth Co-operative Congress, 1886, Mr. W. F. Collier, who opened the Productive Exhibition, referred at length to the co-operative system under which the fisheries along the coasts of Devon and Cornwall were worked<sup>4</sup>.

<sup>1</sup> Registrar's Returns, 1880 to 1891.

<sup>2</sup> Ibid., 1871 to 1884.

<sup>3</sup> Ibid., 1888, p. 56.

<sup>4</sup> Congress Report, 1886, p. 3.

Mr. Thomas Wood has sent me some details of the co-operative system under which the fishermen of Port St. Mary, Isle of Man, carry on the herring and mackerel fisheries. It is almost identical with the system prevailing in Cornwall, and probably on other portions of the British coast, where the big limited companies have not done away with the practice. At Port St. Mary, an ordinary smack costs about £350 without fishing gear. For the mackerel fishing, the nets cost about £170. Many of the smacks now have steam engines, costing about £75, to haul in the nets. The smack is usually manned by seven men and a boy; but where there is an engine, there are only six men and a boy, and the owner of the engine takes a man's share for the use of it. About half the fleet of the port is owned by fishermen. In the Kinsale mackerel fishery, the Port St. Mary men first pay for provisions and fuel out of the gross receipts. The owners of the boat then take half the remaining receipts, and the seven men and the boy divide the other half into fifteen portions, each man taking two portions, and the boy one portion.

In the herring fishery, the division is somewhat different, the nets usually belonging to the fishermen; and the owner of a net receives for its use rather more than he would receive as simply a member of the crew; so that a man owning a net, would be paid a little over twice as much as a man who did not own one.

• On June 6, 1884, the Pioneer Fishing Society (North Shields), was registered, the objects being 'to carry on the trade of fishers in all its branches.' The shares were £1 each, transferable, and no member could hold less than five. The profits were to be divided 'as the general meeting may direct.' No employé could be an officer<sup>1</sup>. At the end of 1884 the society had eighteen members, with £213 of share capital. It had expended £273 on a boat, &c., had received for fish caught £332, and had realized a profit of £45, from

<sup>1</sup> Rules of the Society.

which a dividend of 2s. in the pound on the share capital had been declared<sup>1</sup>.

Writing to Mr. H. R. Bailey in January, 1886, the secretary of the Fishing Society reported that their membership had increased to forty, their share capital to £970, and their loan capital to £508. He added, we have 'been occupied during the greater part of the year with the building of our steamer and the fitting out of her. We did not get possession until the winter season had set in, and the weather has been exceptionally bad for fishing purposes, as carried on here. . . . The year just past has been one of some difficulty to us, the greatest one being the share capital not coming up quick enough. It seems to be the usual difficulty to all movements originating with working men.' The value of the society's plant at the end of 1885 was £1,487. The sales of fish had amounted to £657; but there was scarcely any profit balance, as 'the working expenses were nearly equal to the amount received for sales<sup>2</sup>.'

The society has been successful, and has grown steadily. Its profits in 1886-7 and 8 were respectively £104, £125, and £245. In 1889, the membership was increased from thirty-nine to fifty-five, the share capital from £1,016 to £2,280, the loans from £92 to £351, and the boats and other plant from £1,206 to £2,699. At the end of 1891, there were sixty-five members, with £3,359 of share capital and £968 of loans. The boats, &c., were valued at £4,530, the sales of fish had amounted to £5,268, and the net profit was £350; out of which, a dividend of 10% had been paid to the shareholders on their capital<sup>3</sup>.

The secretary has explained to me that 'whilst the men do not share in the profits made by our boats, they share each week according to the takes. After working expenses are paid out of the bulk, the net amount is divided into so

<sup>1</sup> Congress Report, 1885, p. 125.

<sup>2</sup> Ibid., 1886, pp. 43 and 118.

<sup>3</sup> Congress Reports, 1887 to 1892.

many shares as are agreed on; the fishermen taking their proportion amongst them, and the owners the rest. Sometimes they have very big money, and sometimes small.' The secretary also mentioned troubles with some of the members about 1890. 'We started out with high hopes of making a mark in this line of business, and if possible to give some of the fishermen, &c., an opportunity of bettering their condition, but we have had nothing but ingratitude and insult from some of those we have had as shareholders, and were compelled to clear them out.'

In 1890, the Britannia Fishery Society (North Shields) was registered<sup>1</sup>. At the end of the year there were twenty-five members, with £1,900 of share capital. The society had boat, &c., valued at £1,840, and fish had been sold to the value of £678, on which a net profit of £81 had been made. In 1891, the value of fish sold was £1,866, on which £129 profit was realized<sup>2</sup>.

In 1871, a few working men started the Tyne Co-operative Cabinet Works, by means of a subscription of 6*d.* per week. I do not think it was ever registered; but it started business in a humble way, Mr. John Steele being one of the original members. At a meeting held in Newcastle, in 1886, he referred to their early struggles, saying: 'The men he was then associated with were no mere dividend-hunters, and he remembered when they had a hard struggle to pay, the weekly wages of the workmen and others, the members coming up with 5*s.* per week, instead of 6*d.*, out of their weekly wages to help the manager to meet the weekly expenses<sup>3</sup>.'

This humble effort was 'the progenitor' of the Household Furnishing Company, Limited, which was registered in 1873 under the Joint Stock Companies Act. 'The company was formed on the basis that all workers should be

<sup>1</sup> Registrar's Returns, 1890, p. 118.

<sup>2</sup> Congress Reports, 1891, p. 152, and 1892.

<sup>3</sup> Official Report of Conference at Strawberry House, January, 1886, p. 12.



shareholders, and that after wages and all working expenses, with 10 % to capital, had been paid, the remainder was divided between labour, trade, and capital in equal shares, thus combining capital, labour, and trade in such a way that, if generally adopted, strikes and lockouts would become matters of history, and the misery of the world would be considerably decreased <sup>1</sup>.'

In the first three years of the company's existence the sales amounted to £42,021, on which a profit of £2,647 was realized. In the next three years, 1877 to 1879, the sales were only £26,390, and there were losses amounting to £2,961; and for the three years, 1880-82, the sales went down to £25,409. These misfortunes were caused by the intense depression of trade which followed, what was popularly called, the 'Coal Famine' <sup>2</sup>.

For the three years, 1883-5, the sales were £43,710, and a net profit was made of £415 <sup>3</sup>. Since then, the sales have varied yearly from £10,246 in 1890, to £14,255 in 1891; which, I think, is the highest point the company has yet touched. The profit in 1888 reached the respectable figure of £1,613. For the years 1889-91, they have been respectively £290, £373, and £505 <sup>4</sup>.

The company owns a freehold property called Strawberry House, containing 7,000 square yards, which was bought from the Co-operative Wholesale Society. On it have been erected workshops five stories high. 'The ground floor is used as a timber shed, the second floor for warehouse and despatch; the third floor, for upholstery, polishing, painting, &c.; the fourth floor, for cabinet and chair work; and the fifth floor, for brush making <sup>5</sup>.' The paid-up share capital of the company amounts to £5,457 in £5 shares. There were seventy-three members at the end of its 1891

<sup>1</sup> Official Report of Conference at Strawberry House, January, 1886, p. 5.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Congress Reports, 1888 to 1892.

<sup>5</sup> Official Report of Conference at Strawberry House, January, 1886, p. 5.

financial year. In 1881, there were 101. The loan capital amounted to £10,200; and the value of land, buildings, and fixtures was £14,097<sup>1</sup>.

In September, 1890, the Co-operative Cabinet Makers, Limited, of Bradford, Yorkshire, was registered as an industrial society<sup>2</sup>. A cabinet maker, 'who took a prominent part in the recent strike,' had been 'victimised'; and the men thereupon determined 'to free themselves from petty tyranny of this nature' by starting a co-operative society which should also 'abolish the middleman's profit, and deal a blow at those whom they describe as sweaters<sup>3</sup>.'

Business was commenced immediately, in June, 1890, without waiting for the formality of registration, and work was at once obtained to employ two hands. The little room they had taken soon became too small; they had to remove to larger premises, and by March, 1891, they were employing fifteen hands. At the end of 1890, the society had twenty members, £92 of share capital, and £20 of loans. The sales for the six months had amounted to £213<sup>4</sup>.

The rules provide that each member shall hold at least five £1 shares, all of which are transferable. After paying 5 % on share capital, the rules direct that the remaining profits shall be divided as a general meeting may determine—(1) in 'payment of a dividend to the customers of the society, to be divided as the committee may think fit;' and (2) among the workers 'in proportion to the amounts they have respectively earned as wages,' but only if they are still in the employ of the society 'at the time the dividend is declared.' The profit, too, is distributed in the form of shares, and not in cash<sup>5</sup>.

The society progressed during 1891, and at the end of

<sup>1</sup> Congress Report, 1892, p. 174.

<sup>2</sup> Ibid., 1891, p. 29.

<sup>3</sup> *Co-operative News*, vol. xxi. p. 683.

<sup>4</sup> Congress Report, 1891, pp. 63 and 153.

<sup>5</sup> Rules of the Society, October, 1891.

the year there were forty-nine members, with £443 of share capital, and £26 of reserve fund. The sales had amounted to £1,875, on which a profit of £68 had been realized<sup>1</sup>.

The secretary has informed me that at the end of October, 1892, the society was employing thirty-three hands. The balance sheet for the half-year ending September 30, 1892, showed sales to the amount of £2,379. The wages paid amounted to £1,299. There were sixty-six members, of whom thirty-six were individuals, and thirty were societies. The share capital paid up was £841, and the loans amounted to £225. During the half-year, premises had been purchased at Upper Seymour-street, and there had been expended for land, buildings, and machinery, the sum of £1,575. Several societies had promised to advance loans at 4 %, on mortgage, to pay the purchase money. This was the third removal in the society's life ; and in consequence of the expense, there was a loss of £27 on the half-year's business. Against this, however, there was the reserve fund of over £26 ; so that the actual deficit between assets and liabilities was only 5s. 9d.

The society has got very extensive facilities for doing its business in a thorough manner. The balance sheet does not say what proportion of trade is done with societies ; but from the tone of the balance sheet and report, I gather that the sales are almost exclusively with societies. The voting is governed by the model rules issued by the Co-operative Union, viz. one vote for either the individual, or a society's delegate, and no more. Six members of the committee represent societies, and six are employés of the society.

In March, 1891, the Oldham Co-operative Cabinet Makers' Society was registered. At the end of the year it had twenty-one members with a share capital of £38, and loans of £22. Its sales amounted to £759. Its rules provide for the following division of profits after paying 5 % on

<sup>1</sup> Congress Report, 1892, p. 174.

shares :—50 % to the workers, 30 % to customers, 10 % to shareholders, and 5 % each to special services and educational funds <sup>1</sup>.

The Bath Co-operative Cabinet Makers' Society was registered in the early part of 1892. Its rules provide that share capital shall be paid 7½ %, and all the remaining profits shall be divided among the workers <sup>2</sup>. The society got to work during the year 1892, and in the autumn obtained the contract for fitting up a shop for the Twerton Co-operative Society.

Owing to a strike, in August, 1890, of the 'employés of an eminent firm of billiard table makers in Manchester <sup>3</sup>,' the Manchester Billiard Table Makers, Limited, of Albion-street, Gaythorn, was registered in October, 1890 <sup>4</sup>. Besides making the tables, the society proposed to carry on the business of furnishing in all its branches. The shares were £1 each, and after paying 5 % interest on share capital, the remaining profits were to be divided as follows :—To the work-people, 40 % ; to shareholders, 30 % ; to social and educational fund, 20 % ; and to special services, 10 % <sup>5</sup>.

The society's first balance sheet, made up to February 13, 1891, stated that there were then fifty-three members, with £76 of paid-up share capital and £10 of loans. The sales had been £32. The balance sheet was in a most unusual form for a co-operative society, and did not show any profit or loss balance. Putting the figures together myself, as well as the sheet permitted, I ascertained the loss on the half-year's working to be about £5. I think the society has ceased to exist.

The Manchester and Salford Wheelwrights', Coach-builders', and Smiths' Society, Limited, was registered on May 14, 1888. I am inclined to agree with Mr. G. J.

<sup>1</sup> Congress Report, 1892, pp. 30, 35 and 174.

<sup>2</sup> Ibid., p. 35.

<sup>3</sup> *Co-operative News*, vol. xxi. p. 94.

<sup>4</sup> Congress Report, 1891, p. 30.

<sup>5</sup> *Co-operative News*, vol. xxi. p. 993.

Holyoake that long names such as this are almost enough, in themselves, to kill a society. This effort was started by trades unionists, with the help of the productive committee of the Co-operative United Board. The society appealed to co-operators for support, saying 'the kinds of articles proposed to be made by this society are in daily use by all co-operative societies which have grown to any size ;' and 'all the men engaged are first-class men, and as such have the confidence of their fellow-members.' A workshop was rented at Savoy-street, Hyde-road, and business was commenced on September 1, 1888<sup>1</sup>.

The prospectus showed the shares to be £1 each, transferable. After paying interest at 5 % per ann. on shares, half the profits were to be apportioned to the workers in proportion to wages, but in the form of shares, not in cash. The remaining half was to be divided among 'the customers of the society in proportion to their purchases,' but if they were not shareholders they were only to receive half dividend.

The first balance sheet up to December 31, 1888, showed £94 of share capital and £20 of loans. The sales had amounted to £57, and besides taking £12 of preliminary expenses as an asset, there was a small loss of £1. The Eccles Society had had a 'whitechapel' built, 'which had given every satisfaction, both in regard to price and workmanship.' The Dewsbury Society had also given an order, which was then in course of execution<sup>2</sup>.

For the year 1889, the sales were £630, and the wages paid were £353. There was a loss on the year of £47. In August they changed their manager. The committee attributed their losses to 'not yet receiving jobbing work and repairs, on which better profits are made in proportion than on new work,' to having to quote 'at very low prices to compete with other firms,' in order to secure contracts ; and added 'the limited business as yet prevents us from becom-

<sup>1</sup> *Co-operative News*, vol. xvii. p. 827.

<sup>2</sup> *Ibid.*, vol. xx. p. 255.

ing experts in all branches of the trade<sup>1</sup>. The share capital had grown to £247.

At the end of 1890 there were 48 members, with £262 of share capital and £50 of loans. The sales for the year were £720, on which there had been losses amounting to over £80. This time the committee attributed the loss 'to want of capital. This,' they said, 'prevents us from purchasing in the cheapest market, and from employing a sufficient number of men<sup>2</sup>.' On this latter point, Mr. J. C. Gray told me in September, 1890, that the Wheelwrights' Society was very busy; it numbered among its members some of the best workmen in the trade, but these men would not leave their situations to accept employment with the society, not having sufficient confidence in its stability. Consequently, the society had to advertise for men, and employ non-members.

The last balance sheet, or report, that I have of this society, is for the half-year ending June, 1891. The sales had been £491, on which there had been a loss of £37, making the total loss £177 out of a paid-up share capital of £263. The fixed stock amounted to £64. The secretary informed me that 34 shareholders were members of the trade, and had contributed £175 of capital. Co-operative societies had subscribed £70, and nine individuals outside the trade had subscribed £35. The number of hands employed was from nine to ten, all of whom worked on the premises. Several employés were members of the committee.

The Coventry Co-operative Watch Manufacturing Society is said 'to have originated in the sick room' through a conversation between Dr. C. W. Iliffe and a patient, Mr. W. L. Webster. The first preliminary meeting was held at Dr. Iliffe's house on April 8, 1876, and he became the society's treasurer. The meeting was attended by nine persons; among whom, I believe, were Messrs. Hepworth,

<sup>1</sup> Second and Third Reports, June and December, 1889.

<sup>2</sup> Congress Report, 1891, p. 153, and *Co-operative News*, vol. xxii. p. 321.

Iliffe, and Shufflebotham. In 1892, these three were holding the offices of president, treasurer, and secretary, of the society. Mr. Shufflebotham had been an ardent member of the Leeds Redemption Society twenty-five years earlier. The preliminary meeting decided that each person then present should 'pay his quota towards the preliminary expenses<sup>1</sup>.'

By permission of the retail society, the provisional committee met at the stores, Bishop-street, every Friday evening to receive applications for, and payments on, shares. But the response 'was very weak indeed, and possibly this, in the then state of things, was rather favourable than otherwise' to the future success of the society. For

'the watch trade of Coventry had, up to that time, and for some years previously, been almost unprecedentedly good; and had large numbers of watchmakers joined, and anything like a quantity of capital been sunk in materials, such as movements, &c., the decline in price which afterwards took place might have brought the whole to ruin and disappointment. . . . The small response, however, compelled the members to begin in a very humble way, making only one or two dozen watches up and waiting—as they were compelled when the capital was all employed—till sales were effected, or orders came in, which, as the state of trade generally in the country was very bad, came in very slowly. Indeed, in one instance, where samples of watches were sent to a large co-operative society in the North, a reply was received with the returned watches that "it was as much as their members could do to buy bread, let alone watches<sup>2</sup>."

The first rules of the society were rescinded on October 25, 1877, and new ones adopted. These were the Co-operative Union model rules. The special rules attached provided that each individual should hold not less than five £1 shares, and each society not less than ten. All the shares are transferable. At least two of the committee were to be watch examiners or finishers; and 'any worker or other

<sup>1</sup> *Coventry Record*, December, 1887, and *Co-operative Production*, chap. 8.

<sup>2</sup> *Coventry Record*, December, 1887.

employé of the society, other than the manager,' was eligible for election. After paying  $7\frac{1}{2}\%$  per ann. on shares, the remaining profits were divided into three equal portions, one of which was divided among the workers in proportion to wages, one among the shareholders, and one among the customers. In 1884, the rule regarding profits was altered, and while share capital received a fixed allowance of  $7\frac{1}{2}\%$ , the remaining profits were divided into two equal parts between the customers and the workers. In December, 1887, this rule was again altered, by providing that all future issues of shares should receive only  $5\%$  per ann. interest; and all profits should be distributed in the form of shares<sup>1</sup>.

The first year of the society's existence was not profitable, but with the second year began a period of prosperity which has continued, with slight interruptions or pause, ever since then up to the present date. The sales for the third half-year ending January 31, 1878, amounted to £90. The report of the committee said, 'Out of the profits we have not only been enabled to make up the loss incurred last half-year, but also to propose that  $2\frac{1}{2}\%$  be paid on all capital from the commencement, besides paying current expenses, and leaving a small balance in hand.' The committee thought that the society would 'be a means in the hands of the workman to lift himself out of that condition so aptly described as "wages slavery."' They went on to admonish the workers to 'look on your work carefully when done, and if you see any defect, do not think "this is good enough for a co-operative society," but rather "I must alter this, for not only is my own character at stake as a workman, but also the principle for which I am working, and the honour of my co-workers." We would also urge you to be patient of criticism, for, if false, it can ultimately do you no harm, and if just, may do you a great deal of good; and above all, avoid personal squabbles and disputes, which

<sup>1</sup> Rules of Society, and *Coventry Record*, December, 1887.



have ruined so many good enterprises.' With the fourth half-year the society cleared off its formation expenses, and had an available balance of £6 6s. 2d. to carry forward<sup>1</sup>.

In 1881, the sales (for the first time) exceeded £1,000, being £1,764, on which a profit of £248 was made. The wages paid had been £946. The share capital amounted to £537. In 1884, the sales amounted to £3,498, the wages paid to £1,936, and the profits to £306<sup>2</sup>. In 1888, the society had 99 members, with £1,434 of share capital and £375 of loans. The reserve fund amounted to £387. The sales for the year had been £3,372, of which a profit of £429 had been realised. £101 of this had gone to pay interest on share capital, £67 had been credited to the workers (at the rate of 1s. in the pound on their wages), and another £67 to customers (at the rate of 4d. in the pound on purchases). The remainder had been placed to reserve. At the end of 1891 there were 104 members, with £1,904 of share capital. The reserve fund was £658. The sales for the year were £3,514, and the profits amounted to £321. Labour again got 1s. in the pound, and the customers this time got 5½d.<sup>3</sup> Mr. Shufflebotham has informed me that co-operative societies owned about £600 of share capital, the workers (52) about £800, and other individuals the remainder. The balance sheet for the half-year ending June, 1892, showed some falling off in sales, amounting to 'rather more than £300 during the half-year, which has diminished the profits; nevertheless, from the amount brought forward from last account and the profit of this half-year, we propose to pay 6d. in the pound to labour and 3d. to trade members<sup>4</sup>.'

The half-year ending December 1892, again showed a loss of trade, amounting to £267. There was no profit, but a loss amounting to £110; which, the committee said,

<sup>1</sup> *Co-operative News*, vol. ix. pp. 116 and 549.

<sup>2</sup> *Coventry Record*, December, 1887.

<sup>3</sup> Congress Reports, 1889, p. 34, and 1892, p. 172.

<sup>4</sup> *Co-operative News*, vol. xxiii. p. 933.

was 'not caused by diminished trade, but by depreciation in value of stock, which has been taken, not at cost price, but at the present value of labour and materials.' The committee recommended that the loss should be written off the Reserve fund, and that a further sum of £49 should be taken therefrom to pay interest on shares and loans. During the half-year, the workers had 'agreed to a general reduction in wages, to allow of higher discounts to agents,' which it was hoped, 'would lead to extended trade'¹.

In consequence of reports that the Coventry Watch Manufacturing Society were 'merely factors and not manufacturers,' Mr. Shufflebotham, in 1888, gave some details of the society's methods. As they were still true in 1892, I give some extracts from them.

'Although some large firms in the trade now make some of the movements they use, movement making in England has always been carried on as a separate branch; and for the very obvious reason that one movement maker could supply many watch manufacturers. . . . As we had to begin in a small way, we began in the only way possible with any prospect of success; viz. by the workmen doing the work for the most part at their homes, and with their own machinery and tools. Doubtless there are many advantages in doing work in a factory; but these advantages are counter-balanced by heavy responsibilities which we were not in a position to undertake. . . . The following branches are included in our membership, besides one or two others, whom we cannot at present employ, viz.:—Two dial makers, two jewellers, one hand maker, and one hander, one cap and index maker, two balance makers, one gilder, two motioners, nine finishers divided into three parts, two engravers and engine turners, two silver and one gold case maker, and three examiners, and one who is constantly employed cleaning and repairing watches on the premises. We do not find full employment for all these, as only a small part of the watch is made by some, and a very large trade would be required to keep one man going, such as in balance making, which is again subdivided into steel, gold, and compensation balance making, which requires very careful and accurate workmanship, and a large amount of machinery and tools'².

¹ *Co-operative News*, vol. xxiv. p. 184.      ² *Ibid.*, vol. xix. p. 377.

The Coventry co-operators have earned a well-merited reputation for the good quality of their productions, and there are probably more presentation watches being worn in England at the present time, made by them, than by any other single firm. I have one myself, given to me in 1887 by the directors and employés of the London branch of the Wholesale Society. Its performance, as a timekeeper, during the last five years has been perfect.

In February, 1890, a Coventry Watch-Jewel Makers' Society was registered. At the end of the year there were 44 members, with £182 of share capital. Trade had been done to the value of £98, on which a profit of £6 had been made. At the end of 1891, the membership had increased to 53, and the share capital to £202. The trade done was £258, on which a profit of £13 had been realized<sup>1</sup>.

The last society I have to notice brings one back to the old Owenite days, so far as the society's aims and methods are concerned. Writing to me in June, 1890, Mr. J. C. Gray said :

'Last evening I visited a novelty—a communistic society actually existing in a busy town like Bolton. The men are all socialists, followers of Gronlund and Bellamy. They have for two or three years worked in the evenings, without any pay, for the common good of the society. Starting with a subscription amounting in the whole to 10s., they bought a few tools. Some of the members are mechanics and blacksmiths. They made more tools and machines. All labour is done between seven and ten at night, and after their ordinary day's work. They look upon it as a recreation, and certainly it is a splendid technical school for the men concerned. Last night we saw blacksmiths working at the forge, handloom weavers making quilts, power-loom weavers making cotton twills; mechanics making portions of looms for their own use; cabinet making, wood turning, brass and iron turning, drilling, clogging, boot making and repairing, &c., and all looking enthusiastic over the work. One man told me he had never missed an evening during the last eighteen months. They never think of the

<sup>1</sup> Congress Reports, 1891, pp. 29 and 120, and 1892, p. 172.

work as drudgery. I never saw working men with such confidence in each other. There are no trade jealousies. A man comes there and works at whatever trade he likes best. If he does not understand it, the others who are proficient are always willing and glad to teach. The wood turner was an engineer during the day, but at night he could excel as a wood turner. A man working at night as a mechanic, and doing his work well, was a cotton carder by day. The boot repairer and clogger worked in a mill for his livelihood, and so on, variety giving zest to their duties.

‘They find a ready sale for everything they make. At present all the work and all the profits go to build up a fund to establish a “Commonwealth” on a large scale. When they have sufficient to do this, the members will be paid wages and take profits according to their work; but two-thirds of their wages will be paid in labour notes to be exchanged for the produce of their own community. They have asked my assistance in drafting rules to meet their case.’

This enterprise was registered in October, 1890, as the Bolton Co-operative Commonwealth Society, of North Bridge Mill, White Lion Brow<sup>1</sup>. A letter signed on behalf of the committee, by Joseph Ogden (secretary), and which appeared in *The Nationalization News*, of April, 1891, gave additional information.

‘The society is intended to be worked on the following principles:—The present members and all who join within six months are called founder members; all who join after will be called contributing members, and must purchase £50 worth of goods from the society before they are transferred to the founder class of members. The benefit to be derived from being a founder member, is not dividend upon purchase, but constant and remunerative employment for all who are of a workable age; and a part of the profits on labour will be kept in reserve for sickness, infirmity, and old age; also fatherless children, and widows of deceased members.

‘The profits of the society, after paying interest upon capital, will be divided among the workers according to wages earned by each, subject to the following conditions:—It is calculated that it will require £100 for every worker to find him in capital

<sup>1</sup> Congress Report, 1891, p. 29.

for his employment ; therefore no worker will receive any dividend upon his labour until such dividend exceeds £100 ; for which he will hold transferable shares bearing 4 % interest. Thus the society will gradually develop its number of workers, and from the profits on labour the workers will gradually own their share of the capital of the society.

‘ At present the members are not reaping any benefit whatever, but are making sacrifices of money and labour.’

The balance sheet for the quarter ending December 26, 1891, is the latest I have been able to obtain. In the report the committee recommended that for the present ‘ the maximum rate of 5 % interest per ann. be paid upon share capital.’ This absorbed £4 19s. 10d. of the profits, leaving a balance of £106, which was carried to the reserve fund. This fund now stood at £201, the share capital was £536, and the loans £219. The machinery and fixed stock were valued at £590. A retail store had been added to their departments ; also the making up of underclothing from goods woven by themselves. The number of members had increased to eighty-seven ; the total sales for the quarter were £337, and the wages paid for the same period were £93.

## CHAPTER XXVI.

### JUSTICE ! HOW TO GET IT ?

THE previous chapters have been devoted almost exclusively to the supply of facts, which, to the best of my ability, have been grouped carefully and stated accurately, in order that readers might be able to draw their own conclusions, without aid from me or anybody. But I have been told that it is advisable to express my opinions, so as to give an indication of what decision may fairly be arrived at by a co-operator who has had some experience, who thinks he is sincerely desirous of finding the truth, and who, when he has found it, would gladly see it put into practice. In this and the following chapters, I have tried to obey this intimation, and, notwithstanding past acrimonious discussions between co-operators, I trust that those who may disagree with my views, will grant to me the same liberty to think, write, or speak, as I freely yield to them.

• The great animating influence in all co-operative effort, has been the desire to obtain justice, by those who have been, or are, unwillingly submitting to what they believed, and still believe, to be an unjust system of society. Looking back on early co-operative experiments, there is no difficulty in perceiving the injustice which stung the people of Hull and Devonport into action, at the end of the eighteenth and the beginning of the nineteenth centuries. It is clear that the oppressive exactions of the millers and the bakers caused the working people to combine to produce the flour and bread which they required for the support of themselves

and their families<sup>1</sup>. They thereby hoped to escape the threefold evils of short weights, adulteration, and excessive prices. Neither is there any difficulty, after reading Edward Young's excellent sketch of the effects of machinery<sup>2</sup>, in understanding the sense of injustice which prompted working people to clutch at the opportunity of entering co-operative communities; for they seemed to offer a haven of refuge against that relentless competition with machinery, of which they were feeling the full evil effects, while only a small portion of the nation reaped the benefits.

There were among the sufferers, some who were sufficiently well-informed to comprehend the beneficial results of employing machinery; but even these felt that the suffering endured by the working class during the process of displacing, and of re-adjusting, the different divisions of labour, was undeserved by the sufferers; and that the nation which benefited by the introduction of machinery, should appropriate part of that benefit to mitigating, and, if possible, removing altogether, the distress caused by the innovations.

But, besides the suffering caused by the displacement of labour, there was the injustice of inconsiderate treatment of the work-people, and also, of an inadequate share of the produce being given to them for their services. Perhaps Carlyle has put the case as forcibly as it could be put; and he wrote at a time (1843) when the nation was getting feverish under the pressure of the injustice. Speaking of mill-owners who had grown rich, he said:

‘Begirt with desperate trades’ unionism and anarchic mutiny, many an industrial *law-ward*, by and by, who has neglected to make laws and to keep them, will be heard saying to himself:—“Why have I realized five hundred thousand pounds? I rose early and sat late, I toiled and moiled, and in the sweat of my brow and of my soul I strove to gain this money, that I might become conspicuous, and have some honour among my fellow-creatures. I wanted them to honour me, to love me. The money is here, earned with my best life-blood; but the honour?

<sup>1</sup> See chapter i. p. 37.

<sup>2</sup> See chapter iv. p. 41.

I am encircled with squalor, with hunger, with rage, and sooty desperation. Not honoured, hardly even envied; only fools and the flunkey-species so much as envy me !”

The cause of this was said by Carlyle to be that the mill-owners forgot their duty as leaders of men, and thought only of themselves. He has immortalized the type in Plugson of Undershot :—

‘The blind Plugson; he was a captain of industry, born member of the ultimate genuine aristocracy of this universe, could he have known it! These thousand men that span, and toiled round him, they were a regiment whom he had enlisted man by man; he made war on a very genuine enemy; bareness of back and disobedient cotton-fibre, which will not, unless forced to it, consent to cover bare backs. Here is a most genuine enemy; over whom all creatures will wish him victory. He enlisted his thousand men; and said to them, “Come, brothers, let us have a dash at cotton!”’

After describing the victory of Plugson and his men over cotton, which resulted in the leader making a fortune of £100,000, but in leaving the ‘bare backs’ worse covered than ever, Carlyle described Plugson bidding farewell to his men as follows :

“Noble spinners, this is the hundred thousand we have gained wherein I mean to dwell and plant vineyards; the hundred thousand is mine, the three and sixpence daily was yours; Adieu, noble spinners; drink my health with this groat each, which I give you over and above.”

The judgment passed on Plugson and his class by Carlyle was: ‘The entirely unjust captain of industry say I; not chevalier, but bucanier <sup>2</sup>.’

In his ‘Chapters on Socialism,’ written just before his death, and published shortly afterwards by Miss Helen Taylor, John Stuart Mill has admirably summed up the results of our present-day social system. He said :

<sup>1</sup> *Past and Present*, book iv. chapter viii. p. 251.

<sup>2</sup> *Ibid.*, book iii. chapter x. p. 165.



‘ Since the human race has no means of enjoyable existence, or of existence at all, but what it derives from its own labour and abstinence, there would be no ground for complaint against society if everyone who was willing to undergo a fair share of this labour and abstinence could attain a fair share of the fruits. But is this the fact? Is it not the reverse of the fact? The reward, instead of being proportioned to the labour and abstinence of the individual, is almost in an inverse ratio to it; those who receive the least, labour and attain the most. Even the idle, reckless, and ill-conditioned poor, those who are said with most justice to have themselves to blame for their condition, often undergo much more and severer labour, not only than those who are born to pecuniary independence, but than almost any of the more highly remunerated of those who earn their subsistence; and even the inadequate self-control exercised by the industrious poor costs them more sacrifice and more effort than is almost ever required from the more favoured members of society. The very idea of distributive justice, or of any proportionality between success and merit, or between success and exertion, is, in the present state of society, so manifestly chimerical as to be relegated to the regions of romance. It is true that the lot of individuals is not wholly independent of their virtue and intelligence; those do really tell in their favour, but far less than many other things in which there is no merit at all. The most powerful of all the determining circumstances is birth. The great majority are what they were born to be. Some are born rich without work, others are born to a position in which they can become rich *by* work, the great majority are born to hard work and poverty throughout life, numbers to indigence. It is as much as any moralist ventures to assert, that, other circumstances being given, honesty is the best policy, and that with parity of advantages an honest person has better chances than a rogue. Even this in many stations and circumstances of life is questionable; anything more than this is out of the question. It cannot be pretended that honesty, as a means of success, tells for as much as a difference of one single step on the social ladder<sup>1</sup>.’

A co-operative community is still looked upon by some persons as the best means of remedying the injustice under

<sup>1</sup> *Fortnightly Review*, 1879, p. 226.

which the majority of the people are suffering<sup>1</sup>. But, co-operators generally have realized the present impossibility of living a community life, or else have never thought anything about it, and have settled down to the practice of the philosophy advocated in the Brighton tracts of 1828-9; which was, to begin with what they could do, however small, and gradually go on from this, until they co-operated for everything<sup>2</sup>. When this is accomplished, we shall, though it may not be in the form usually understood, then have a co-operative community.

The following extracts will, I think, show that whatever may have been, or may be, the differences in practice, or opinions, of different sets of co-operators, they were, and are, all trying to work for the same end. D. Crossley, of Brighouse, who was an Owenite Socialist, quoted in 1862 from the *Lancashire and Yorkshire Co-operator*, which, he said, was published in 1832, as follows :

‘Co-operation was the practice of the principle of the great philanthropist and moral philosopher, Robert Owen, to effect and secure in the best manner for all, the greatest amount of permanent benefits and enjoyments with the fewest disadvantages<sup>3</sup>.’

The Leeds *Redemptionist*, in 1847, said :

‘Would the working classes cure the evils of which they so justly complain? They have but one remedy, which is, at once *legal, practical, immediate, and complete*. That remedy is to co-operate in the production of wealth, to become capitalists, and thus to become their own employers. Capital, capital, capital<sup>4</sup>!’

The above was signed H., and in its author I believe I recognize James Hole, the *Redemptionist's* editor.

The editor of the *Christian Socialist*, in 1850, in an

<sup>1</sup> The *Nationalization News* for January, 1893, contained a suggested constitution for such a community, and appealed for support to a project for establishing one.

<sup>2</sup> See chapter vii. p. 77.

<sup>3</sup> *Co-operator*, vol. iii. p. 54.

<sup>4</sup> *Herald of Co-operation*, p. 16.

exposition of the principles on which his work would proceed, said: 'the new force of association sums itself up in the idea of fair prices, or in other words, Equality of Exchanges<sup>1</sup>.' In 1862, E. V. Neale, who was one of the most active, devoted, and self-sacrificing of the Christian Socialists, wrote: 'Now co-operation, as I understand it, teaches men to apply this principle of justice universally, not only to cases where those who bargain as to the results of work are equally strong, but to that mass of cases where one side is weaker than the other<sup>2</sup>.' In another communication, Mr. Neale made a definition which is probably the origin of the term 'individualistic' as applied to one form of co-operative production. He said: 'Co-operation desires to uphold the principle of individualism, while socialism sought to eradicate it<sup>3</sup>.' Mr. Crossley objected to Mr. Neale's definition, and quoted the one given above from the *Lancashire and Yorkshire Co-operator*. He further pointed out that Owenite Socialists did not force their views, as some supposed; but the people were to be 'persuaded' to adopt them. He also said, 'however we may differ as to the ultimate objects and tendency of Mr. Owen's system, I think we are agreed as to the immediate good to be derived from the spread of co-operation which he originated for the purpose of enabling the working classes to improve their condition<sup>4</sup>.'

Alexander Campbell, an old Owenite, who claimed to be the author of the system of dividing the profits of co-operative stores according to the amounts of the purchases<sup>5</sup>, and whose claim has never been disputed, said in 1863, 'to effect a change from the present selfish system in a quiet peaceable manner, co-operators were endeavouring to become capitalists, and manage their own affairs, on the principle of each for all and all for each<sup>6</sup>.'

<sup>1</sup> *Christian Socialist*, vol. i. p. 1.      <sup>2</sup> *Co-operator*, vol. iii. p. 82.

<sup>3</sup> *Ibid.*, p. 54.

<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid.*, p. 102.

<sup>6</sup> *Ibid.*, vol. iv. p. 92.

The editor of the *Co-operator*, in the first number, issued in June, 1860, said:

‘Perhaps in the widest range of observation, there is nothing more unquestionably just than true co-operation. One purport of it is to place all men on the same level in respect to control over management, eligibility for office, and equally-divided profits. No man, therefore, will occupy an inferior position, as a member of a co-operative society, to another; and this, we conceive, is sufficient to commend co-operation to everyone who yearns to see inequality and injustice buried for ever!’

When the *Co-operative News* was started in 1871, Dr. John Watts wrote a series of articles on co-operation. He defined it, as it then existed, as

‘A system of self- and fellow-help, by which every prudent young man may become his own landlord, his own capitalist, and his own employer.’ Dr. Watts described the existing ‘competitive state’ of society as being ‘everyone for himself, and the devil take the hindmost;’ and he further said, ‘that communism is the perfect state of society there is no doubt; and when the moral sentiment of the nation has reached such a state as to fit it for the long-expected millennium, that delightful state of existence will find its realization in communism.’ He then explained that ‘between these two extremes of society, retaining the individualism of the first, while rendering possible some of the advantages of the second, stands the new phase introduced by co-operation’.

In 1872, William Pare, another Owenite, the author of *Co-operative Agriculture in Ireland*, and the first secretary to the present Co-operative Union, wrote:

‘Let co-operators not forget—many indeed have yet to learn—that the end of all their endeavours, is, by a peaceful revolution, to bring about an entire change in the four great departments of society, viz. production, distribution, education (in its widest sense), and government, so as to ensure the happiness of all without exception’.

<sup>1</sup> *Co-operator*, vol. i. p. 1.

<sup>2</sup> *Co-operative News*, vol. i. pp. 1 and 12.

<sup>3</sup> *Ibid.*, vol. ii. p. 229.

Lloyd Jones, writing in 1876, said that in the minds of the old co-operators, co-operation

'had no meaning dis severed from the elevation of the masses of the working people, and it had not much meaning even then, unless it altered the old relation of the worker to his work, of labour to capital ; making the man and the independence and elevation of his life the primary consideration for co-operators, and the only test by which true co-operation could be known. We must keep this in view, as the true meaning of the co-operative movement'.

Thomas Hughes, lecturing at Manchester in 1878, remarked that the conclusions arrived at by the Christian Socialists, were admitted by the Owenite Socialists to be also 'their own.' He further pointed out that three principles of association, which were unanimously adopted by the Christian Socialists' Congress in 1852, 'have been acknowledged ever since by the societies represented' in the present Co-operative Union. These three principles were stated to be :—'(1) That human society is a body consisting of many members, not a collection of warring atoms. (2) That true workmen must be fellow-workmen, and not rivals. (3) That a principle of justice, not of selfishness, must govern exchanges'.

Abraham Greenwood, the first President of the Co-operative Wholesale Society, and since his retirement from that position up to the date of writing, one of that Society's principal employés, wrote a paper for the Congress of 1884 on 'The fundamental principles of Co-operation.' His conclusion was, that, as co-operators, we had

'to teach mankind that, as humanity is one sole body, all we, being members of that body, are bound to labour for its development, and seek to render its life more harmonious, vigorous, and active. . . . Ask yourself, as to every act you perform within the circle of family or country, if what I now do were done by and for all men, would it be beneficial or injurious to humanity ;

<sup>1</sup> *Co-operation ; its position, its policy, and its prospects*, p. 20.

<sup>2</sup> *History and Objects of Co-operation*, pp. 10 and 26.

and, if your conscience tells you it would be injurious, desist,—desist even though it seems that an immediate advantage to your country or family would be the result <sup>1</sup>.

A quotation from a lecture given by William Maxwell, President of the Scottish Wholesale Society, at Leeds, in 1888, brings me up to, practically, the present time. He said :

‘ Our co-operative aim must not be to produce or distribute for morbid gain only, but it should be to work together in affection and harmony, so that we may be all morally and physically enriched and purified.’ In another part, he exclaimed, ‘ Here really is the kernel of co-operation, despite our differences about detail, the point we are all marching on is the brotherhood of man. . . . Here is the mainspring of the present co-operative movement ; its universality is the key to its marvellous success <sup>2</sup>.’

The plan adopted by co-operators for putting their ideas into operation, has been that of democratic association. It will be asked, Why by democratic association only? Why not by association, say, of the Positivist order, where the wisest sage constitutes himself chief of an organized body by virtue of his superior wisdom, and appoints his subordinate officers to the different grades, in proportion to the wisdom he discerns within them? The answer is, that these benevolent despotisms, whether in industrial organizations, or in other forms, have not borne the weight of experiment or experience ; and Carlyle has put it thus :— ‘ Democracy, which means despair of finding any heroes to govern you, and contente ’ putting-up with the want of them <sup>3</sup>.’ Granted the finding of a benevolent sage of the Positivist order, it does not follow that this leader will continue to be wise. His judgement may be altered for the worse, or even made foolish, by a change in the condition of his stomach, his nerves, or his muscles ; and

<sup>1</sup> Congress Report, 1881, p. 60.

<sup>2</sup> *Wholesale Co-operation a necessity*, pp. 6 and 28.

<sup>3</sup> *Past and Present*, book iii. chapter xiii. p. 185.

though he may thus lose his wisdom, it does not follow that he will give up his power. In fact, the chances are the other way; for, having become unwise, or foolish, he will have lost the capacity, and perhaps also the desire, to consider what is best for the well-being of the people in his care. •

Beyond this, when the first wise man resigns, or dies, supposing he has acted in every respect as a wise man should, the man who succeeds him may not be equally wise, or be the best qualified to follow in his footsteps: and, as supreme power has been vested in him, he may degenerate into a Plugson, or worse.

Again, one autocrat may have disputes with another autocrat; and the happiness of the people may be wrecked in the contest. The career of Robert Owen furnishes conclusive evidence of the precarious tenure of life of the good work of benevolent despots. When Owen's philanthropic action at New Lanark was objected to by his partners, the partnership was dissolved, and the mills were put up for sale by auction, as both parties wished to have them. The people of New Lanark, whose prosperity and happiness were trembling in the balance, awaited the result of the auction with all the anxiety of a plantation of slaves on the point of being transferred to a new master. On learning that Owen was the purchaser, 'they illuminated their windows for joy;' and on his first visit after the purchase, 'the postilions were stopped, the traces unhooked, and the carriage dragged in triumph all the way to New Lanark.' This sale was made on Dec. 31, 1813, and so the risk of sudden death to the model village was avoided; but, a curtailment of the benefits hitherto enjoyed, was made at the end of 1828. At this date, Owen finally retired from New Lanark; and the first measures adopted by the new masters were 'an increase in the hours of work, and a reduction of wages.' About six years later, New Lanark ceased to exist as an institution which had been described as 'dispensing more happiness than perhaps any

other institution in the kingdom, where so many poor persons are employed<sup>1</sup>.'

Carlyle has given an interpretation of liberty in which there is considerable truth; and, as it is to some extent opposed to the democratic principle, it is as well to face it. He said:

'Liberty? The true liberty of a man, you would say, consisted in his finding out, or being forced to find out, the right path, and to walk thereon. To learn, or to be taught, what work he actually was able for; and then by permission, persuasion, and even by compulsion, to set about doing of the same. . . . If thou art in very deed my *Wiser*, may a beneficent instinct lead and impel thee to "conquer" me, to command me! If thou do know better than I what is good and right, I conjure thee in the name of God, force me to do it; were it by never such brass collars, whips and handcuffs, leave me not to walk over precipices<sup>2</sup>!'

Seeing that nature is built on compulsion and counter-compulsion, Carlyle was right in his theory, but, I think he was wrong in his application. Nature warns men against walking over precipices, by dashing them to pieces if they presume to do it; and when one man, in his ignorant presumption, has suffered by the experiment, nearly all the others learn from his experience. But experience has taught men that no man is so far exalted in wisdom above all his fellows, as to become an infallible guide; and I am inclined to think all history shows that the compulsory restraint of men by one man, has led to more misery than would have been occasioned by letting men learn from the experience of their fellows. It is a common occurrence for two reputedly wise men to hold exactly opposite opinions; and as both cannot be right from the point of view of the general well-being, it cannot be unwise to refrain from allowing them to have absolute authority to compel their neighbours to carry out their wishes. There

<sup>1</sup> Sargent's *Robert Owen*, pp. 59, 60, 193 and 211; and Booth's *Robert Owen*, pp. 31 and 48

<sup>2</sup> *Past and Present*, book iii. chapter xiii. p. 182.



should be some good in exercising a counter-compulsion on would-be leaders; and this may well take the form of making it an essential condition of leadership, that those desiring to lead should have the capacity to convince the people that they ought to follow them; or at any rate, should have the capacity to induce others to convince the people for them. As everybody admits, to use a familiar proverb, that 'one volunteer is worth two pressed men,' the time lost in persuading the people, compared with the time taken in compelling them, supposing the would-be leader has the necessary compelling power in his possession, is more than regained by the speedier success of the combined voluntary action, over that of compulsion.

The attempts at autocratic justice, by people possessed of the power to act in such a manner, have not been sufficiently numerous, or successful, to inspire confidence among the masses of the people, in the principle of autocratic action; and the comparative lack of unselfish effort, on the part of the overwhelming majority of those who, by their knowledge, position, and wealth, would be pointed to as natural autocratic leaders, has not only failed to inspire confidence, but has inspired positive distrust. Even among the few men of position and wealth, who have been moved to take part in co-operative efforts, there has not been that thorough-going, complete practice of the principles advocated by them, which is calculated to arouse enthusiasm, and to rally supporters to the cause. It is one thing to say, to people 'Go, and do what is right;' and quite another thing to say 'Come, and we will do what is right.' The effect, in the first instance, is very small, indeed, quite microscopical; but, in the second instance, the effect is sometimes so great, as to appear to be miraculous.

Of a number of cases of failure of wealthy co-operative advocates to be thorough-going, I will give two; not for the purpose of holding them up for reproach, for the majority of us would probably do the same if we were in their positions, but simply to justify my contention that we must not

rely on autocratic efforts, if we desire the perfect all-round administration of justice. One of these two gave most valuable and disinterested services to the co-operative cause for over forty years. Late in life, he inherited a considerable estate, and this aroused, among some enthusiastic co-operators, great expectations as to the manner in which our co-operator would use his inheritance. They thought that he would devote it, of course profitably, in some manner to the development of co-operative practice ; and it was thought that probably one of the steps that would be taken, would be the formation, on the estate, of an Associated Home, as this form of co-operation had been often advocated by the co-operator in question. In this, and I think all points, the enthusiasts were disappointed ; for, whether the gentleman was powerless to use the property for co-operative experiments, or not, he simply, so far as is generally known, worked the estate on the usual lines of a private landlord. The other case is that of a wealthy man, who, like the former, has had co-operative sympathies for over forty years : and he has repeatedly taken a prominent and energetic part in co-operative propaganda and controversy : but I am not aware that he has done anything on his own estates to promote, or develop, co-operative practices.

I should be one of the first to admit, that, if people possessed of power and wealth, would throw themselves into the work of regeneration, this work would get effectually done in a shorter space of time than will be the case so long as the suffering masses have not only to do all the regenerative work for themselves, but have also to contend against and overcome the apathy of some, and the hostility of others, of the privileged classes. While co-operators would gladly welcome recruits from all classes, and while most of the co-operative leaders dream of an all-embracing universal co-operation, I do not think that they would sacrifice the democratic principle for the sake of securing an alliance. They might look at, and partially approve of, autocratic efforts in the direction of co-operation, on the

lines of Carlyle's 'Just despotism;' but, having had more than half a century of successful experience of democratic practice, they would look upon autocratic, or semi-autocratic, efforts, as only steps in the right direction, leading ultimately to that complete democracy which has shown itself better adapted than any other form of organization, for securing the much-coveted equitable administration of justice.

These aspirations make the education of the people a vital necessity to co-operators. The teachings of Robert Owen have indelibly impressed this fact on the co-operative body. The Rochdale Pioneers recognized it so early as August, 1849, when they elected their first educational committee<sup>1</sup>: and the Christian Socialists did the same, when they started their Working Men's College<sup>2</sup>. Besides trying to learn, according to their several talents, all that is to be learned, from the lowest to the highest, so as to make themselves thoroughly capable instruments for conferring and enjoying happiness, co-operators must, I think, specially strive to educate, and be educated, on the subjects following :—

(1) Without education, it is impossible to secure the even administration of justice. The advantages of being just seem to increase in a geometrical ratio, something like the benefits of a telephone exchange, according to the number of people who adopt the practice. When only one or two persons carry out the plan, the benefits to each, and to the community at large, are exceedingly small; but when it is carried out by millions of persons, the benefits to each, as well as to all, are enormously increased thereby. There is a great waste of energy, comfort, and happiness, caused by the disputes and contention arising from injustice: and the general practice of justice would enable this waste to be avoided. The economic advantage of being just, is, therefore, a subject that could be generally taught with great advantage to the nation.

<sup>1</sup> Holyoake's *Rochdale Pioneers*, p. 18.

<sup>2</sup> See chapter x. p. 110.

(2) The inevitable necessity for division of labour, exchange of services, and the accumulation of capital, in one of its two forms, of stored up labour and monopoly, must also be taught. The division and specialization of labour are the only means of procuring the wherewithal for living civilized lives ; and even under despotic industrial systems, give such enormously increased power to those who use them, that any primitive democracy, which preferred less elaborate methods, would be swept away by the despotic competitor or rival, whenever he chose to do so. That, sooner or later, he would choose to do so, all history concurs in telling us is a certainty. Thus, co-operative associations of hand-loom calico weavers, could not live in competition with a private master who had a well-equipped steam spinning and weaving factory. Neither could an association of shoemakers, where each man made a complete pair of shoes without assistance from others, compete against the modern system, which, I am told, involves the passing of one pair of boots through the hands of fifty persons before it is completed.

With regard to the exchange of services, the time is not long past, when this was limited within a small area, and each locality was largely independent of others for the satisfaction of its wants. But now, the system of exchanging, in many articles embraces the nation ; and in many others, embraces the world. Proofs of the value of exchanges are seen all around us, and are so obvious as to need little illustration. Anyone can understand, that if people lived in small self-supporting communities such as Owen depicted, the cost of exchanging the productions would be very small, and would not make a very large addition to the total cost of production. But the difficulty would be to produce all the articles necessary to supply the numerous and varied wants of the inhabitants, in such a community. Mr. Maxwell visited a large sewing-machine factory a few years ago. He said : 'I was struck with the disproportion between the value of the finished article at the works, and its value when

presented to the purchaser. I mentioned this, when I was coolly informed that it took more to sell them than make them<sup>1</sup>. In spite of this extraordinary cost of exchange, the producer of sewing-machines in this modern factory could work to greater advantage to himself and to the consumer, than could one or two men who should try to make sewing-machines for the use of a few neighbours only.

Since the Brighton co-operators exclaimed 'it is capital we want,' this need has been, and is being, continually dinned into the ears of co-operators with such effect, that very often they have more capital than they seem to have the capacity to employ. Little therefore need be said on the subject. But this much, I think, wants driving home ; that co-operators ought to hold it up as a standard to be attained by all thinking people, that everyone should be possessed of the capital necessary to secure a comfortable living in conjunction with the fair reward he ought to receive, for doing a share of the indispensable labour that must be performed by somebody. In proportion as any persons fail to provide this capital, they run the risk of suffering grievously. But, in proportion as this provision is generally made, the risk is, I think, diminished to the remainder who do not make the provision. In the cotton trade lock-out of 1892-3, those operatives who were members of trades unions and co-operative societies, or had capital in other forms, were able to go through the struggle with comparative comfort. But those who had not been thrifty, or had been unable to save, had to submit to the indignity of soliciting the pauper's dole, visiting soup-kitchens, or receiving some other form of charity. Still there would have been less charity for these, if all the unemployed had been compelled to seek a share. With the general possession of capital, employers of labour would not enter so readily into conflict with their employés ; as the only really potent weapon possessed by employers at

<sup>1</sup> *Wholesale Co-operation a necessity*, p. 9.

present, the power of starving the work-people into submission, would thereby be taken away from them.

The judicious investment of the workers' capital, so as to give the owners, not only interest, but power, is a question of immense importance. Can anyone doubt, that if the hundreds of thousands of our railway workers each possessed a hundred pounds' worth of railway stock, and used the voting and speaking power the possession gave to them, they would speedily bring about such improvements in their condition, as workers, as would constitute a most extraordinary additional dividend on their investments? Yet, through lack of the direct power which capital gives, the railway employé's suffer serious injustice, year after year, and little is done to remove it.

I have often been challenged on this question of capital, and I have often had it asserted, that people earning £1 a week, or less, cannot save any capital, and cannot afford to purchase at the co-operative stores for the purpose of acquiring capital by the accumulation of their dividends, because, it is said, although the articles are good these poor people cannot afford to pay the prices. I have generally replied that it is the demand of the poor for cheap articles that induces sweating, and runs wages down to the lowest point. By becoming co-operators, even very poor people secure control over labour and can insist upon it being treated properly. As to the goods and their prices, a long experience has shown that when working-people begin to co-operate, they begin with buying the lowest qualities, such as they have hitherto used; but gradually, in a couple of years or so, they have learned the lesson that the lowest qualities of goods are not really the cheapest, and they prefer to pay more money for better qualities, because they go farther. There are scores of thousands of agricultural labourers with their miserably small wages, who are members of co-operative stores, and who gradually become capitalists thereby. The average net profit of the co-operative stores in Great Britain for 1891 was equal to 2s. 9d. in the pound of the sales. Supposing

a poor family to spend 10s. a week at the store, and the dividend to be only 2s. in the pound, the accumulated dividends, with compound interest at 5 % per ann., would amount in 27 years to about £175. Beyond this, many societies afford privileges of buying cottages, by means of loans at 4 % up to 5 % per ann., which often effects a saving in the rent of 2 % to 4 % per ann. on the capital value. It is thus clear that, if so inclined, the poorest can gradually become capitalists without the need of saving a farthing of their scanty wages, by the simple process of co-operating to secure, as dividends from the store, that part of their earnings which will otherwise go to swell the profits of private shopkeepers and merchants.

The intelligent comprehension of that form of capital represented by monopolies is another essential point of education. Monopolies must be held in common, if they are to be used for the universal benefit of the people. Any personal holding is so manifestly unjust, that it is nowadays rare to hear anyone defend the practice, except on the ground that, being already in existence, the abolition of personal holdings might cause more injustice than their retention.

(3) The value of democratic association, which has already been discussed, is an essential item in any course of co-operative education; since people cannot adequately perform their part of the associated work, unless they understand what they have to do; and they will perform their work much better, if they also fully understand the reasons for doing it. After people have been taught the value of association, there still remains the very difficult task of teaching how to construct the required associations, so as to make them fit for the different purposes they have to serve. The best methods of managing the associations after they have been constructed, naturally follow as another subject to be taught to the people.

It is in the organization and management of productive associations that co-operators cannot yet agree. I have

pleaded for toleration, because it is only by experiment we can find out which are the best forms and methods. In the past, quarrelling over different systems has retarded everybody's progress. It is therefore distinctly the best policy for all to push forward that form of co-operation which they consider best, and leave others to do the same, even if the rival systems are, as has been asserted, 'logically irreconcilable.' We are all of us wrong, so far as we are imperfect; and we are so wonderfully distant from the practice of perfect justice, that we may still be considered to be in the jelly-fish stage of moral evolution. If we all push forward according to our lights, but animated by the same principle, some of us may succeed, and may develop into angels, although others may be left far behind. But contention, instead of work, may leave us all in our present stage of very imperfect morality.



## CHAPTER XXVII.

### ORGANIZATION AND MANAGEMENT.

THE oldest existing co-operative productive societies are those which were formed about 80 or 100 years ago, for the purposes of grinding wheat into flour, or of baking flour into bread. These societies were originally formed on the principle that each member should supply an equal amount of capital, and receive an equal share of the profits. But, time brought about inequalities in the amounts of capital held by the members, and this caused a corresponding inequality in the amount of profit received by each. One by one, the societies based on this principle have died out; and the last of them—the Devonport Union Mill—went into liquidation at the end of 1892<sup>1</sup>. To ensure continued existence, some societies, such as the Sheerness Economical Society, discarded the original practice of dividing profits on capital, and adopted the new system of dividing profits on purchases<sup>2</sup>. They thereby enlisted the interests of a greater number of persons, in support of what then became the joint property of all who cared to become participators.

All existing baking and milling societies are organizations of consumers. Not one, as far as my knowledge extends, has been organized, or is managed, by the work-people employed therein. Except in a few instances, the bakeries are owned by societies composed of individual shareholders. The exceptions are federations of other co-operative so-

<sup>1</sup> See chapter iii. p. 39.

<sup>2</sup> See chapter xiii. p. 160.

cieties, who supply the capital, and manage the business by means of duly elected representatives, on the one hand, and purchase the bread and receive the profits, on the other. The profits thus received swell the profits made in their own businesses, and are included in the amounts divided among the members. The United Baking Society, at Glasgow, is the most conspicuous example of a federated bakery<sup>1</sup>. In 1892, this society admitted its work-people as shareholders, by organizing them in an Employés' Bonus Investment Society. Every employé can hold shares in this Investment Society to an amount not exceeding £50; and the directors of the United Baking Society have the right to retain one-fourth of the bonus due to employés, for the purpose of paying up their shares in the Investment Society. The Investment Society has one vote in the United Baking Society's meetings, and an additional vote for every £80 of share capital invested. When an employé leaves the United Baking Society's service, he has to sell his shares to some of the remaining employés, at par<sup>2</sup>. The employés can thus exercise a direct influence on the management, in addition to the influence they can exercise as members of co-operative societies which are shareholders in the United Baking Society.

In the earlier years of the co-operative movement, the corn milling societies were invariably composed of individual shareholders, and were established for the purpose of supplying these shareholders with flour direct from the mill. From this system, there has been a gradual change, societies being admitted as shareholders into milling societies that had hitherto been the exclusive property of individuals, as in the case of the Halifax Flour Society<sup>3</sup>. These shareholding societies have been supplied with flour at wholesale prices, and they have then performed the duty of retailing the flour to their members. A further change

<sup>1</sup> See chapter xiii. p. 153.

<sup>2</sup> *Co-operative News*, vol. xxii. p. 1236, and vol. xxiii. p. 344.

<sup>3</sup> See chapter xiv. p. 195.

has been effected by the establishment of federal corn mills, in which individual shareholders are not admitted. In these federal mills, the work-people have no voice in the management, as *work-people*; but, as *co-operators*, they can, if they choose, have an equal voice with other individual co-operators. When, however, the Chancelot Mills, belonging to the Scottish Wholesale Society, have begun working, there will be another variety. For, the employés there, in addition to their equal voices, as *co-operators*, with other co-operators, will have direct voices, as *workers*, in the management of the Scottish Wholesale Society, through the operation of the Employés' Investment Society. This Investment Society was started at the end of 1892; and each employé in the Wholesale Society is entitled to take up not less than five £1 shares, and not more than twenty. The directors of the Scottish Wholesale Society will retain half the bonus due to each employé, and the funds thus accumulated will be invested in the name of the Investment Society in shares and loans with the Wholesale Society. When an employé leaves the Wholesale Society's service, his shares in the Investment Society must be transferred at par, and he can withdraw all his investment. The Employés' Investment Society has the right to send one delegate to the Wholesale Society's meetings, and an additional delegate for each 150 employés who are enrolled as shareholders<sup>1</sup>.

The retail co-operative societies which have productive departments such as tailors' shops, boot-works, farms, &c., are composed of individual shareholders. The worker, as a *worker*, has no voice in the management; but he can, if he chooses, become a member of the society, and thus exercise an equal influence with other members. I am not aware that any section of co-operators has objected to the carrying on of productive workshops by retail co-operative societies on the lines usually followed. These lines have been explained in Chap. XIII.

<sup>1</sup> *Co-operative News*, vol. xxiii. p. 1302.

The next development of co-operative productive enterprise by organizations of consumers, was made by the Co-operative Wholesale Society. This was not contemplated by the founders of that institution. Even after it had been in existence six years, William Nuttall, who was then its accountant, read a paper at the Congress of 1869, in which he said of the Wholesale Society, 'it appears probable that it will ultimately become the medium through which the products of co-operative manufacturing companies will be distributed to the consumer<sup>1</sup>.'

At the same Congress, Dr. Watts, in a paper on 'How to secure safe Co-operative progress,' recommended the formation of federations of retail stores for 'the purposes of co-operative production.' Influenced probably by the disastrous experiences at Padiham and Pendleton, he urged that

'the individual workers, although probably members of some of the stores owning the manufactory, would be so far removed as to feel that they could not in any way interfere with the management; and it would be a question for the delegates alone to decide, whether or not the workers should depend wholly on market wages, or share in the profits realized. The manufactured goods should all be passed through the Wholesale.' In favour of this course, Dr. Watts said 'the grand idea is to make the consumers of produce their own producers, or to get them as near to that position as possible, and thus by converting the greater portion of middlemen into producers, either to vastly increase wealth, or to lessen toil. These economical arrangements would . . . enable every industrious, persevering, and careful man, to cease from manual toil at 50 years of age.' Dr. Watts concluded by expressing his opinion that 'the final form of industry seems to be that the consumers and producers shall be the same persons, exchanges taking place only between one federation and another<sup>2</sup>.'

In 1871, in his noteworthy series of articles on 'What is Co-operation?' Dr. Watts expressed similar opinions, with the addition that he had come to the conclusion, that

<sup>1</sup> Congress Report, 1869, p. 42.

<sup>2</sup> Ibid., pp. 43-4.

‘the ownership must not however be by independent joint-stock companies as at present, for that is a continuance of competition and chaos, but through the central organization, and as branches of the Wholesale store . . . Every extension which is demanded by an already established distributive trade, and which is entered upon under the advice of practical and successful men in their various departments, and with capital supplied by the stores which are the customers for the commodities, will stand the best possible chances of permanence and of profit, because they will be really and truly co-operative<sup>1</sup>.’

On April 27, 1872, the *Co-operative News* had a leading article which advocated federation through the ‘Wholesale’ as follows :

‘Our idea is, to make the individual members own the retail stores, and nothing beyond them, and for each store to carry on such works as can conveniently and profitably be managed for supplying the wants of its own members. The retail stores should be the owners of the Wholesale, each in proportion to the number of its members, and the retail stores should own nothing beyond the Wholesale store. The Wholesale Society, in its turn, should inaugurate and own all the productive establishments. By these simple means would all the wants of all the stores be ultimately supplied<sup>2</sup>.’

Wm. Pare, who was at the time Hon. Secretary of the Co-operative Union, expressed his approval of the above in the following terms :

‘I especially commend to your notice an excellent leading article on this subject in the *Co-operative News* of April 27, endorsing as it does, and illustrating by forcible arguments, the views which have been laid before successive congresses, on the mode and order in which production should be undertaken<sup>3</sup>.’

The Co-operative Wholesale Society began its efforts at production on Jan. 13, 1873. From that date, bitter objections have been, and still are, taken by a minority of co-operators to this development of the Wholesale Society.

<sup>1</sup> *Co-operative News*, vol. i. p. 78.

<sup>2</sup> *Ibid.*, vol. ii. p. 236.

<sup>3</sup> *Ibid.*, p. 253.

A summary of the course of the controversy will be found in Chap. XV. As will be seen from the quotations already given, the majority claim the trade of co-operative consumers for the support of workshops either owned and controlled by the retail co-operative societies, or owned and controlled by federations of co-operative societies. On the other hand, Thos. Hughes, speaking for the minority, at the Carlisle Congress in 1887, advocated the right of the individualistic<sup>1</sup> productive societies to the trade of the co-operative consumers; and objected to the Wholesale Society's having the trade, in the following words:

'Here we have the natural co-operative market, which is practically controlled by the Wholesale, closed against our members, just at the time when they need it most. For the Wholesale have, as we have seen, to sell £200,000 worth of boots and shoes of their own make in the year before they can move a finger to help any other productive association. Thus not only can they not help them, but they are their most formidable rivals<sup>2</sup>.'

Mr. Hughes summed up his objections to production by the Wholesale Society, as follows:—1. The impracticability of producing under the control of one centre, all the manufactures required by the working classes. 2. The control by a distant committee 'runs directly counter to our principle of the election of managers by the members who actually work in and own the factory.' 3. The worker is unable to contribute capital. 4. The worker gets no share of the profits as a *worker*<sup>3</sup>.

The Scottish Wholesale Society does give a share of the profits to the workers; and, as has already been pointed out, it has a provision for enabling them to invest capital, as well as to exercise some amount of control. But the

<sup>1</sup> I use this term, although it is sometimes objected to, because it is generally recognized among co-operators. In chapter xxvi. p. 738, I have indicated the probable origin of the term.

<sup>2</sup> Congress Report, 1887, p. 4.

<sup>3</sup> Ibid.

amount of control is very slight compared to what the workers would have, if Mr. Hughes' views were adopted; and I think if Mr. Neale were alive, he would still hold, as he did in 1888, that 'production carried on as a mere department of our Wholesale Societies cannot place them in the position that they might, and I think should, hold as protectors to our working population against the dangers attending that laudable desire to form associations for self-employment which appears to have taken a deep hold upon them'.<sup>1</sup> Mr. Neale held with Mr. Hughes, and others, that the Wholesale Societies should register separate societies for each productive department, nurse them, supply them with capital, and ultimately hand them over to the work-people, while still supplying them with the trade necessary to keep them fully and profitably employed.

These views were embodied in a minority report, signed by Messrs. Neale and Greening, which was submitted to the delegates at Co-operative Wholesale Society's meetings, in February 1890. The delegates rejected the suggestions. Some of the reasons for rejection were as follows:—One delegate said 'if they gave to the workers in the Wholesale, a right to shares and a voice in the management, the same right ought to be given to outside members of the stores who were quite as good co-operators.' Another thought such proposals

'would introduce the principle of inequality. Every working man in the workshops of the Wholesale could get exactly the same benefits that he himself had. The profits of the Wholesale were equitably divided under the present system, and in his opinion this would not be so under the system advocated by Messrs. Neale and Greening.' A third delegate said, 'If these recommendations were carried out, they would entirely stop production, so far as the Wholesale was concerned. He asked such delegates as were connected with societies where any form of co-operative production was carried on, whether they would venture to go back to their societies, and recommend the appli-

<sup>1</sup> Congress Report, 1888, p. vii.

cation of such a scheme there? (No! No!) If the productive departments were to gradually pass into the hands of the workers in them, which seemed to be what was aimed at, why not the distributive departments likewise?’

Yet another delegate said, he ‘never gave a more emphatic vote in his life than the one he should give against’ this proposal. ‘It was about the same as handing over the productive departments in connexion with his store at Oldham, to the tailors, shoemakers, milliners, and others who worked in them.’ Mr. Neale, when replying on the discussion, said ‘they proposed to deal with the productive departments only, because they were the simplest to deal with. Corn mills, and many other works presented peculiar difficulties on account of the disproportion between the capital and labour involved<sup>1</sup>.’

The votes at the Wholesale Society’s special meetings above referred to, seem to have finally settled the question in favour of production by this federation for the supply of its members. But the question was raised at the end of 1892, in a slightly different form, on a proposal that the Wholesale Society should open a printing department. The General Committee of the Co-operative Printing Society issued a circular on the subject, in which, referring to the proposal before the Wholesale Society, they said ‘we recognize to the full their perfect right to enter into the printing trade whenever they think fit; but we strongly disapprove of their action as a matter of co-operative policy.’ Reasons for this opinion were then given in the circular<sup>2</sup>. The discussion at the delegates’ meetings largely turned on the fairness, or otherwise, of entering into a field already occupied by a Productive Society. The voting was somewhat close, being 511 in favour of the Wholesale Society opening a printing department, and 434 against the proposal<sup>3</sup>.

<sup>1</sup> *Co-operative News*, vol. xxi. pp. 30-1.

<sup>2</sup> *Ibid.*, vol. xxiii. p. 984.

<sup>3</sup> *Ibid.*, p. 1393.



It may, therefore, be looked upon as a settled principle, that whenever the co-operators enrolled in the retail societies, and through them in the Wholesale Societies, desire to produce the articles they require for their own consumption, they will do so, not only when the field is unoccupied, but even if there is a co-operative productive society already in the field, provided this society is not of the federal type of association. I think this decision is right. We cannot deny to the consumers the liberty to decide whom they will purchase from, any more than we can deny to the workers the liberty to say whom they will work for; and their choice is right, I think, because the federal type of Association of Societies, with the object of doing for the association of consumers, what they cannot efficiently do for themselves, is the most equitable form of co-operation that has yet been devised. Consideration, however, should, and I believe will, always be shown to those productive societies which may thus be deprived of their customers; the federal institution taking over, on equitable terms, the premises, plant, and employés, if the productive society desires such steps to be taken.

Co-operators, organized on the basis of the consumer, have steadily tried to carry out those precepts of the Brighton Co-operators of 1828, which enjoined the advisability of gradually employing for the benefit of the whole body of members, first one, and then another, worker, until all co-operators are in co-operative employ. The idea running through the plan as now practised, is, that consumers can be divided into two classes, viz.: the owners of capital, and the workers. The same individual may be, and in the majority of cases ought to be, in both classes. A co-operative society has, however, need of both classes; and, on the one hand, it pays to the owners of capital a fixed remuneration, based on current market rates, for the use of their money, while, on the other hand, it pays to such of the workers as can be employed in the society with advantage to the members, the current rates of wages in

their respective trades, or even more, if the business will afford it. Beyond this, as co-operation is intended for the amelioration of the condition of the working classes, the co-operative societies try to make the conditions of labour as pleasant as the exigencies of the different trades will permit. By that means, the workers are better off than they would be if they were in the service of private employers.

The articles, or services, thus provided for the use of co-operators, cost less, generally speaking, than they would if obtained from other than co-operative sources. This lessened cost is caused by the elimination of unproductive labour, by reducing the cost of management, and by retaining the profits usually made by private firms.

If all co-operators who are workers, were employed in co-operative establishments for the mutual supply of all their wants, the supplies provided on this basis of paying fixed wages to the worker, and fixed remuneration to the capitalists, might, with perfect justice, be distributed among the co-operative consumers at the actual combined cost of production and distribution; because the duly appointed authorities have equitably allotted to all concerned, either as capitalists or workers, their portions of the joint produce, measured by the current coin of the realm. Whether this system is adopted, or the usual system is preferred, of selling at current market rates and then paying a dividend, is a matter of expediency, or detail, and is not a matter of principle; for, to pay 18s., or to pay 20s. and receive back 2s., is, to all intents and purposes, the same thing.

But all members of co-operative societies are not at present employed in co-operative establishments; and, though this is what is very properly aimed at, it will, for many reasons, be a long time before the end is reached. The obvious reason for not employing all, is, that as yet, employment cannot be found for them; and it is not possible, or it is not advisable, to give each member the opportunity to do some portion of the work, in the same way as it is

possible to give every member an opportunity of supplying an equal amount of the necessary capital.

This inability to employ all the co-operators, raises the question whether, as the system would be fair and just to the workers if all co-operators were employed in these co-operative establishments, it is less fair to them since all co-operators are not, and cannot for a long time be, so employed. The evidence given before the Labour Commission seems to me to be conclusive on this point<sup>1</sup>. The witnesses showed that the employés in co-operative establishments are better off than the employés in private firms. If this is true, and I believe it to be so, then the workers in co-operative employ are not as great sufferers by the application of co-operative principles being still incomplete, as are the co-operators who have not yet become co-operative employés. They are the gainers; and the losers are those co-operators who are desirous of being employed by their brother co-operators, but have not yet been fortunate enough to get their desires gratified. Of course, when the co-operative system is completed, all the workers will benefit more largely than co-operative employés do at the present time.

Mr. Deans, the Secretary of the Scottish section of the Co-operative Union, was the delegate who moved the necessary alteration of the Scottish Wholesale Society's rules to enable the employés to have a direct voice at their 'Wholesale' meetings. When moving the alteration, he said:

'I have always understood that it was a fundamental condition of the co-operative movement that labour should have some control over its own conditions.' He went on, 'I have heard the objection urged against it' (the proposed new rule), 'that it allows employés a right which, as individual members of this Society, we do not possess. That is an appeal to the selfish instincts of our nature, which is the very antithesis of co-operation . . . Wealth may vanish, but principle remains, and this principle of representation of labour is one of the fundamental notions of the co-operative movement<sup>2</sup>.'

<sup>1</sup> See chapter i. p. 21.

<sup>2</sup> *Co-operative News*, vol. xxiii. p. 1327.

I may at once say, that both on the question of profit-sharing, and on the question of giving the employés a direct voice in the management, I think the Scottish Wholesale Society has done a wise and politic action. It has thereby, to a large extent, disarmed the hostility of the individualistic school of co-operators; and, as a matter of expediency, I think this was worth doing. But, as a matter of justice, I think the employés are receiving more than they are fairly entitled to; and they are receiving it at the expense of the general body of co-operators. A species of industrial faggot voting, for the benefit of one section, has been thereby created, at the very time when the Scottish people generally are trying to abolish faggot votes in the arena of politics, because they consider them opposed to the principle of equity. As, however, the Scottish co-operators have agreed to the change, no one outside that body has any right to object, any more than an outside person has a right to object, if co-operators generally treat their employés better than these co-operators are themselves treated by their own employers.

The relative value of being in the employ of the Scottish and English Wholesale Societies, has sometimes been discussed in private, in consequence of the public comparisons which have at times been made between the two institutions, by co-operators who object to the productive enterprises of both; but the question will scarcely bear public discussion. I can, therefore, only express the opinion that the slight differences in the methods of treatment of the employés in the two Wholesale Societies, would have little or no influence in preventing a Scotch employé from entering the service of the English Wholesale Society.

I do not see why an employé of the Wholesale societies, or any other federal association, should have one voice as an employé, and another voice as a co-operator, in the management of those institutions. I have already pointed out that 'Wholesale,' and all co-operative, employés are favoured by being such. What reason can then be given,

as a matter of justice, why they should be favoured still more? Of course an employé may not wish to become a member of a co-operative society. If he did not, he would, in my eyes, be self-condemned as unfit to take part in the management of the federal institution in which he is employed, because of his unco-operative tendencies; so that I could not, on this ground, allow him any voice in its affairs. It may be said that an employé might find it difficult to secure an appointment as a delegate from his retail society; and that therefore it is necessary to give him a certain opportunity by the method adopted in Scotland. But, he only has this difficulty in common with other co-operators; and in practice, this difficulty is of little weight; for a perusal of the reports of the meetings of the two Wholesale societies, from the commencement down to the present time, will show that the grievances of employés have always been carefully attended to; and, when found to have any foundation, they have been speedily redressed. In fact, as Mr. Maxwell said to the Labour Commission, 'the slightest suspicion of harsh or ungenerous conduct to employés is made the most of at our meetings, and the Committee are at once placed on their trial'.<sup>1</sup>

There is another reason why employés in the Co-operative Wholesale societies should not have much, if any, additional power in the management. As *workers*, their personal interests in the societies are keener than are their personal interests as *co-operators*; and the histories of the individualistic productive societies, such as the Wolverhampton Locksmiths' Society<sup>2</sup>, and the Framemakers' and Gilders' Association of London<sup>3</sup>, clearly prove that when these interests clash, the weaker interest gives way to the stronger one. This will continue until human nature is perfect; and, as perfection has not yet been attained, we must not, generally speaking, if we desire success, give to

<sup>1</sup> Minutes of Evidence Labour Commission, October 25, 1892, p. 34.

<sup>2</sup> See chapter xx. p. 437.

<sup>3</sup> Ibid. xxv. p. 675.

the dominant interest more power than justice indicates it to be entitled to.

There is also, I think, this advantage in insisting on the work-people taking part in the management only as members of co-operative stores. They no longer become a class apart, looking on the rest as their masters, or employers, with whom they have to contend. They meet and mingle with the others as *co-operators*, and those co-operators who are not 'Wholesale' employés, being work-people employed elsewhere, are as fully conversant with the rights and wrongs of labour as are the co-operative employés. There are thus all the elements for accurate judgement; the delegates, as work-people, sympathize with other work-people; while, as co-operators, they sympathize with the Wholesale Society. Having no large individual interests at stake, they have no motive to be otherwise than impartial; and the histories of the Wholesale societies prove the practical truth of the theory. I know of no more perfect check on injustice than the control exercised by educated democracies such as the Co-operative Wholesale societies. If the control errs at all, it errs on the side of generosity.

The claim for the employés to be allowed to invest additional capital because they are employés, rests, I think, on exactly the same ground as the claim for an additional share in the management. A worker ought to be a co-operator, but I would not compel him to be one. If, however, he is not a co-operator, I cannot admit his right to anything beyond the market rate of wages which is being received from other employers by co-operators, and that considerate treatment which the best employers give to their employés. If he has more given to him, as he generally has, it is through co-operative generosity, and not because he is entitled to it<sup>1</sup>. If he is a co-operator,

<sup>1</sup> In expressing this opinion, I do not forget that the remuneration of different classes of workers is very unequal. This, I think, can only be remedied by the free action of educated democratic organizations, which will allow every one opportunities of competing for all kinds of positions

he has the same rights of investment as any other co-operator, and I do not see how he can be entitled to more.

What, then, must be done with the capital belonging to the work-people? I think they should invest it in other co-operative associations; and they should use the power the investment gives them, as well as the knowledge they have gained in their co-operative employment, to accelerate co-operative progress.

It is perhaps advisable to notice Mr. Hughes' expression about the impracticability of the Wholesale Societies doing everything. Every one will agree with this. Not even such a thorough-going 'wholesaler' as Mr. Mitchell has ever ventured to disagree with it. But the limit of the Wholesale Societies' power for good has not yet been reached. James Smithies, one of the original Rochdale pioneers, was one of the founders of the Co-operative Wholesale Society, and was one of its officers up to his death in 1869. Shortly before his death, I heard him say he should die happy if he could only see the 'Wholesale' doing a trade of one million pounds a year. It was then doing less than half that amount. In 1892, however, it did nearly ten times the sum for which Mr. Smithies longed with so much ardour, without reckoning its bank, its steamships, its Irish and foreign branches, its factories, and its workshops. Yet, such is the elasticity of the Co-operative Wholesale Society, and its adaptability for the widely different services demanded from it by its members, that, at the time of writing, I can see for it, in the future, a far wider field of usefulness, in proportion to its present size, than I could, or other co-operators could either, at the time when Mr. Smithies gave voice to his aspirations. The rate of progress of both Co-operative Wholesale Societies depends principally upon the rapidity with which

from the top downwards, and afford to all full knowledge of the relative desirability of the different positions.

the mass of co-operators can be educated in the necessity for the practical application of co-operative principles ; for, I think the directors of both societies fully comprehend the vast possibilities before them, and are prepared to go forward when they feel that their constituents are ready to support them.

The system of co-operation which was advocated in the early part of the nineteenth century, embraced the plan of associating together to supply capital and labour, so as to produce goods for the supply of the outside market. It was distinctly laid down that 'when the capital is able to produce more goods than the members can consume, they must manufacture those articles which are in demand by the public at large<sup>1</sup>.' The Lancashire working people soon found the necessity of acting on the above-quoted advice, if they meant to make all possible progress. A very large proportion of the produce of their labours is exported to foreign countries ; and it was clearly recognized that, at any rate for a long time to come, it would be impossible to have a system of international co-operation framed on the basis of the consumer. When Mr. Ludlow made his tour through Lancashire in 1852, he was much impressed by the efforts then being made. He highly eulogized the co-operative spirit that was displayed, and illustrated its method of development by narrating the combination among the women of Tongfold, who, acting on 'a kind of moral understanding,' began with a co-operative oven, went on to a co-operative pig, and hoped to obtain a co-operative cow<sup>2</sup>.

This is the spirit which has brought about the great extension of co-operation in the cotton industry. In his account of the unsuccessful effort at Padiham, Mr. Ludlow explained how the work-people put their savings together, and co-operated, as capitalists, to erect and equip a mill. When the mill was ready, employment was found therein

<sup>1</sup> *Brighton Co-operator*, October, 1828.

<sup>2</sup> See chapter vii. p. 84.



for most of the shareholders, or some members of their families<sup>1</sup>. The oldest existing co-operative cotton mill—the Bacup and Wardle Commercial Company—also had a large majority of the shareholders working in the mill in its early days. A similar practice prevailed with the Sun Mill Company, but ‘the work-people belonging to the families of the directors,’ having claimed privileges over other work-people, the shareholders passed a resolution to the effect that no relatives of directors should be employed by the company. In 1863, the Sun Mill Company ceased to give preference to shareholders or to members of their families, and simply took the best operatives that they could find; and in 1877, William Nuttall asserted that, in Oldham, ‘working men prefer to work where they can get the best wages and the most comfortable place, while at the same time, they also prefer to invest their capital where they think it will bring the greatest interest or dividend, whether that place be the one in which they are employed or otherwise<sup>2</sup>.’

It will thus be seen that while the Lancashire co-operators have taken up ideas and experimented with them, they have just as freely cast them aside, if they were found to have little or no practical value. They experimented in the same way with the profit-sharing ideas advocated by the Christian Socialists, and ultimately discarded them. Their objections to these systems of profit-sharing have been held by the trades unionists leaders. Nevertheless, there is a system of profit-sharing in operation in the Oldham cotton mills, although it does not get so termed, which appears to me to have acted quite as efficiently as any other system has acted. The trades unionists have an arrangement with the employers, by which the advantages resulting from improved machinery, or an increase in the speed of working the machinery, shall be shared between employers and employed. In addition to that,

<sup>1</sup> See chapter xi. p. 139.

<sup>2</sup> Ibid. xvi. p. 309.

if trade is good and profits go up, the employés, through their unions, invariably claim a share of the increased profits in the shape of an advance in the rates of wages. On the other hand, if trade is depressed, and profits are small, or non-existent, the employers claim a reduction. The results of about twenty years' working on these lines show that the remuneration of the workers has gone up very considerably, while the remuneration to the capitalist has gone down considerably<sup>1</sup>. Under the usual profit-sharing arrangements, the latter could scarcely have happened, because a minimum remuneration to capital is invariably stipulated for; so the proportionate division of the joint produce would not have been so favourable to the workers and consumers.

It is sometimes made a matter of reproach to the Oldham cotton companies that so few of their operatives are shareholders. I am inclined to think that this is owing to the fact that the operatives feel themselves so well protected by the twin brother of the co-operative society—the trades union—that they are indifferent to the position of shareholders. The facts of the cotton trade, owing to the publication of the companies' balance sheets, and the number of people, who, in such democratic associations, must possess a knowledge of the most minute details of the manufacture, are as well known to the unionist leaders, and to most of the employés, as they are to the employers. The exact margin for profitable working, between the cost of raw cotton and the price of the finished article, is common property; and the relative advantages possessed by some mills over other mills, in consequence of being equipped with better machinery, of having bought and sold judiciously, &c., are equally well known. With full knowledge on the side of both employer and employed, and with good organizations, there has been, in the eyes of the operatives, no necessity for taking up shares in the com-

<sup>1</sup> See chapter xvi. p. 307.

panies, seeing that ample capital has always been forthcoming to build additional mills, whenever the trade showed average profits over 5 % per ann.

Dr. Watts advocated making shareholding 'a condition of employment<sup>1</sup>;' but I must confess that I see no necessity for this. If capital were lacking, such a provision might be necessary; but as capital is plentiful the workers alone suffer, if any persons do, by refraining from being shareholders. There is no doubt that the operatives have the opportunity of buying shares if they are that way inclined; and I do not see how the employers can be fairly reproached for what the operatives refrain from doing. I think, however, that the latter, in the consciousness of their strength as unionists, have been unwise in neglecting this means of strengthening their opportunities of insisting upon the administration of industrial justice. Take the lock-out which commenced in November, 1892. If the employes in each company had each been the owner of one share, not necessarily in the company in which they were employed, they could jointly have exercised such an influence at the shareholders' meetings as would have prevented the lock-out. I mention this particular trade dispute, because I think the employers were in the wrong. Notwithstanding low profits, and even losses, mills kept being erected and equipped all through 1892. This fact supports the assertions made, that the losses were caused by speculation, and not in the ordinary course of trade. But apart from this, the fact that new mills continued to be started, caused a glut of yarn in the market, which depressed the prices obtainable for it. The additional mills also caused an increased demand for the raw material, which had a tendency to send up the prices for it; thus lessening the margin available for cost of working and for profit. Further than this, it increased the demand for labour, and thus had a tendency to keep up wages, if not

<sup>1</sup> *Co-operative News*, vol. i. p. 67.

to cause an advance. In face of these facts, to ask for a reduction of wages was, I think, unreasonable; and the suggestion of the operatives that production should be reduced by going on short time, seemed to me the right course to have taken. If, in addition to their power as unionists, the operatives had been able to exercise a power as shareholders, all the cost and calamities attending the lock-out might have been avoided.

I have tried to bring out the differences that exist between the Oldham Companies, and what are usually termed Co-operative Productive Societies; and it practically amounts to a difference in the method of sharing profits. Some productive societies make it a condition of employment that the employés shall be shareholders; but others do not. Others, again, like the Co-operative Printing Society, specially provide for the allotment of shares to employés on application by them, whether the share list is open to others or not. This is a valuable provision which I heartily support; and if the Oldham cotton operatives found it impossible to procure shares at any time in the open market, I should consider it would be their duty, if they wished for shares, to endeavour to induce the companies to adopt a similar provision.

In abolishing the monopoly, by a select class, of superior positions, such as those of managers, salesmen, &c., the Oldham companies have been completely successful; and these positions are open to the competition of all whose talents and experience qualify them to perform the required duties. In the earlier years of these companies, the training received by their officers in connexion with the retail co-operative societies had an immense influence for success; and, according to Mr. Hardern, at the present time, in 'a vast number of instances, the leaders of the joint-stock companies are more or less officially connected with the retail co-operative societies, and their interest is used in the progress and development of both<sup>1</sup>.'

<sup>1</sup> Minutes of Evidence Labour Commission, October 26, 1892, p. 75.

I think the reader who has carefully studied the development of the Oldham working-class company system, will agree that the people have steadily tried to carry out the maxim of one of their earliest leaders—William Marcroft—who held that ‘Lancashire, to retain its staple trade of cotton manufacture, has need to organize its people into company enterprise. Private enterprise decays and dies, but companies may live for ever.’ The co-operators have tasted the pleasant results of the system, and they share Mr. Marcroft’s desire to develop it so as to make it ‘the interest of each person to help forward the general good of all’.

Of the Co-operative Productive Societies usually so termed, there are many varieties, ranging from semi-federal organizations, such as the Hebden Bridge Fustian Society, to oligarchical associations, such as many of the boot-making societies in Northamptonshire, and past them to semi-despotic organizations, such as Thompsons of Huddersfield.

Joseph Greenwood of Hebden Bridge was selected by the Co-operative Union to give evidence before the Royal Commission on Labour, as representing the Productive Society type of Co-operation. He classified the productive societies, and asserted that the class of society which is ‘composed of working-men employing themselves in their own industries’ with ‘the workers subscribing all their own capital, managing their own affairs amongst themselves, and taking all the profit to themselves, either as dividend on their wages, or on their capital,’ is ‘a higher form of co-operation’ than his own society at Hebden Bridge, which has other persons than workers as shareholders, as well as co-operative societies, and does not allow the workers to sit on the Committee of Management. Mr. Greenwood, however, said that when ‘large capital was necessary,’ the principle could not be very easily applied; and if the society

<sup>1</sup> Preface to Marcroft’s *History of Sun Mill*, 1877.

had 'a complex industry' to manage, 'a further difficulty would arise in it in the way of organization'¹.

William Maxwell, too, as the co-operative witness for Scotland, said that his 'highest ideal' of productive industry, 'is that of the producers being themselves the shareholders and finding the capital,' and where the producers take 'as the reward of their industry, the resulting profit ;' which 'profit, of course, would be larger because there would be no wages charged at all.' He, however, added that he 'was afraid the present moment' was not an opportune one to substitute his 'ideal' system for the system pursued by the Scottish Wholesale Society. He also expressed the opinion that industries undertaken by municipalities, or by the nation, were co-operative, if the government represented all classes. He was, therefore, in favour of the 'municipalities doing that work which properly comes under their scope.' While he did not wish municipalities to 'come into conflict with productive societies already in existence,' he said 'if the results were better for the people, I would sink differences, and go in for municipalization ;' and 'there are many things which we never touch, that the municipalities could do very much better'².

The evidence given by Mr. Maxwell leaves me uncertain as to what he really intended by his 'highest ideal ;' but, putting this opinion of his side by side with his opinion on the municipalization of industries, I think that Mr. Maxwell primarily adheres to the old co-operative form of the consumers organizing the production of goods for their own use ; and that outside this, his highest ideal form of co-operative production would come into the field.

The existing successful productive societies have been gradually shaped by experience ; and it will be interesting to see how far this gradual shaping has gone in the direction

¹ Minutes of Evidence Labour Commission, October 26, 1892, pp. 63 and 69.

² Ibid., October 26, 1892, pp. 51, 59, and 62.

of the ideal indicated by Messrs. Maxwell and Greenwood. For instance, the Hebden Bridge Fustian Society, which is managed by Mr. Greenwood, began with the resolution to admit only members of the trade as shareholders. Being unable to obtain sufficient capital from them, the share list was thrown open to the public. Up to 1873, the shareholders received a remuneration reaching to as high as  $12\frac{1}{2}\%$  per ann. on their capital; but in that year, the remuneration was limited in future to  $7\frac{1}{2}\%$  per ann. In 1885, it was decided to issue no more shares bearing this high rate of interest; and that all future issues should receive 5 % per ann. only. In 1890, the interest payable on the shares issued prior to 1885, was also reduced to 5 % per ann. While these reductions were being made, the privileges of the employés, as shareholders, were being restricted, owing to the injustice which often resulted therefrom to the other shareholders. The employés were no longer allowed to sell their shares to the highest bidder, but, on leaving the society's service, they could withdraw their investment. The share list was also closed against all individuals except employés; but societies were still allowed to become shareholders by having new shares allotted to them. Thus, the Hebden Bridge Fustian Society, which started on very restricted individualistic lines—in fact on the ideal basis suggested by Messrs. Maxwell and Greenwood—has been gradually transformed into a semi-federal institution; the principal cause of the change being the necessity of interesting the distributive co-operative societies in the success of the Fustian Society, since they absorb more than three-fourths of the goods manufactured by it<sup>1</sup>. In his evidence before the Labour Commission, Mr. Greenwood testified that the reason the Hebden Bridge Society was able to give more continuity of employment than other fustian cutters, dyers, and finishers, was, that the co-operative stores were more regular in their orders than the

<sup>1</sup> See chapter xvi. pp. 333-7.

ordinary customers<sup>1</sup>. This is a strong justification of the gradual transformation of the society's constitution.

Eight productive societies were named by Mr. Greenwood as coming within his ideal<sup>2</sup>. Two of these eight had less than £50 each of capital when they were mentioned by Mr. Greenwood, and were in a delicate condition. Another was also in a struggling condition, although it deserved success. Of four others, one went into liquidation shortly after the evidence was given; while the other three have distinguished themselves by refusing to admit all their workers as shareholders, thus putting themselves out of the 'ideal' altogether. The eighth society quoted must have been named under a misapprehension, as it only had 16 employes, while there were no less than 145 members<sup>3</sup>.

Practically, then, the ideal aimed at by Messrs. Maxwell and Greenwood does not exist; and I am inclined to think that it never can live long whenever it does come into existence. As an example: the Eccles Industrial Manufacturing Society is the oldest existing productive society. It was started in 1861 as an association of workers, with the idea of supplying the public, whether co-operative or otherwise. It has never made any special effort to get hold of co-operative trade, and nine-tenths of its business is still done with private firms. It is instructive to note that, in 1891, out of 98 employes, only 24 were shareholders, and they owned £254 out of a total share capital of £14,000. The remainder was held by other persons and by co-operative societies<sup>4</sup>. If we remember Mr. Marcroft's maxim that 'people decay and die, but companies may go on for ever,' we see one reason for this result. The original shareholders of the Eccles Manufacturing Society have gradually grown old. Some have ceased to work for the society, and others have died. When shareholders have died, it has

<sup>1</sup> Minutes of Evidence Labour Commission, October 26, 1892, p. 72.

<sup>2</sup> *Ibid.*, p. 63.

<sup>3</sup> See chapter xx. p. 472; xxii. p. 562; xvi. p. 326; xix. pp. 402, 408, 410, and 411; and xx. p. 475.

<sup>4</sup> See chapter xvi. p. 331.



not followed that the persons who succeeded to their share capital worked in the factory. Hence from these two causes, old age and death, there is a continual tendency on the part of capital in any productive society to become the property of persons not employed by the society.

As far as the old people are concerned, I think it is advisable for them to be allowed to remain as shareholders, for at least two reasons. First, their experience can be utilized to give advice to the society, and help to guide it in its course. Secondly, their capital can be gradually withdrawn, if needed, to provide for their daily wants, when they are no longer able to work for their livelihood; and it would be unjust to insist upon them, in their old age, seeking fresh means of investment, with all the attendant risks and anxieties.

I can see no injustice in asking heritors of deceased shareholders to withdraw, if the society has surplus funds, and wishes to reduce capital. Indeed, this seems a just method of doing so, and one that should be preferred to the general reduction of the shareholding of present or past workers, and investors.

The need for more capital to enlarge the operations of the Eccles Manufacturing Society, was also a cause of introducing outside shareholders; and this will often happen in connexion with societies. When a society has the choice of taking capital at current market rates, so as to employ more people, and thereby improve their condition, or of coming almost, if not quite, to a stand for want of capital, I think all co-operators will agree that to enlarge operations with the aid of outside capital, is the proper course to pursue.

Another reason which makes it undesirable that the employes should supply all the capital necessary to employ themselves, is, that gross inequalities would thereby be created and perpetuated. If the idea were, or could be, carried out, it would mean an industrial caste system which would have a tendency to yoke a man to a given trade regardless of his personal fitness. For example, a house

painters' association would need only from £5 to £10 of capital per employé; but a corn-milling society, equipped with modern machinery, would require close upon £1,000 per employé. If the employés are to provide all the capital required in their respective occupations, how many could become millers? and what a number there would be that would have to be painters!

Irrespective of this grave objection, I think it is not prudent for any man to have 'all his eggs in one basket.' It seems to me unwise to have both capital and occupation embarked in the same business, if it is possible to avoid it, and there are no powerful reasons for doing so. If we have a general organization of capital on such a democratic basis as prevails in co-operative societies, I think that nothing is lost, while a great deal is gained, when employés place most of their capital in investments outside the society in which they are employed. If, through depression of trade, or other causes, they lose their employment, they then may still have their capital; or, if they lose their capital, they may still retain their employment.

An additional reason for admitting the general public as shareholders of productive societies, is, that you thereby secure a satisfactory body out of which to choose the officers of the society. Before any new productive society adopts the plan of electing all its officers from the employés, it should carefully note the number of failures, compared with successes, in the societies in which this plan has been adopted. It should be borne in mind that it is adversity which tries the merits or demerits of a plan, far more than success does. The Burnley Self-Help Society, with such a committee, found it advisable to lease itself to its manager for ten years, the committee being left with little power; and E. V. Neale, in drafting model rules for productive societies, found it advisable to so frame them as to make the managers semi-independent of both committees and shareholders. The model rules provide that a two-thirds vote of the committee may suspend, and a two-thirds vote

of the members may remove, a manager from his office. I think that a committee of shareholders who were not employés, with power to remove the manager as well as to appoint him, would work more efficiently, and with less friction, than such a rule.

I see no injustice in forbidding an employé to be an officer of the society in which he is employed. If he is ambitious for office, let him take shares in another productive society, and give it the benefit of his talents. He will also benefit by the wider experience he will thereby gain. In forbidding an employé to be an officer, a society is only acting on the same principle which forbids the chairman to be also secretary. It is simply a division of labour which experience has proved to be wise and efficient. A society, like a steam engine, is composed of many parts. Each part of an engine is devoted to its special duty. The fly-wheel does not try to do the work of the governor; neither does the piston rod try to do the work of the cylinder; but they all work in harmony for the one end. So should it be with the officers and employés of a society. Each should be selected for his fitness for the given position; and each should efficiently perform his allotted functions.

The evils of permitting employés to act as officers are, of course, not so great, when they form part only of the committee of management, and the other part is composed of outside shareholders. But, looking back on co-operative history, I am strongly of opinion that the safest policy to pursue, is to refrain from having employés as officers. When we do occasionally see employés acting satisfactorily as officers, we should look upon them as exceptions which cannot, in the light of past experiences, be a guide for the present, whatever they may be in a perfect future. The satisfactory conduct of a few men in this dual capacity, is no more an evidence that all men would be equally successful, than the existence of Isaac Newton or Charles Darwin is a proof that all men are capable of becoming great discoverers.

I think that I may now venture to come to the following conclusions: first, that the production of goods, &c., required for the use of co-operators, should be undertaken by associations of consumers, by which fixed wages would be paid for all services rendered, whether of hands, brains, or capital; and the goods, &c., are then supplied to the consumers at what is practically actual cost. And, secondly, that for the production of goods for the use of people who cannot, or do not care to, co-operate, associations should be formed, where not only the employés, but the public generally, should be shareholders: but the employés should always have the right to invest some capital so as to give them voices at the shareholders' meetings.

I assume that one man one vote is universal; but, if a property qualification for voting purposes is adopted, I think equity would demand that the employé should, so to speak, be capitalized on the basis of his wages; the wages being reckoned as equivalent to interest on capital, and the rate per cent. being taken as the same as the dividend paid, or agreed to be paid on share capital. He should be allowed votes in proportion to the capital thus calculated, exactly like the shareholder who has invested hard cash. It will be seen that this is just, if one remembers that the shareholders, whose capital has bought horses and engines, receive votes in proportion to their investments. The horses and engines labour; and this is what an employé does. The only difference between the horses and the employé in this respect is, that the employé owns himself, while the horses are owned by somebody else. In each case, the owner should have a proportionate voting power, when voting power is regulated by the amount of capital that is held by the voter.

The shareholders who are not employés, should alone have the right of becoming officers, because experience has shown this to be the most successful method of organization.

There remain a few points concerning Management which require noting, and which, while they concern both forms

of co-operative production, require to be especially impressed upon the organizers of new societies. They are as follows :—

Business experience and capacity is of the highest importance. Success is almost impossible without them. The best way to secure them is to undergo a preliminary training as an officer of a Retail Co-operative Society. Except under special circumstances, working-men who value success, and who do not wish to wreck the fortunes of their brother co-operators, should resolutely refrain from taking office in a productive society, unless they have had this preliminary training. There are so many things to learn and understand before a business can be successfully managed ; and a productive works is much more difficult to steer to success than is a retail distributive society. To ensure success, an officer has to develop a mixture of flexibility and toughness equal to the finest qualities of steel ; and his capacity for adapting himself to circumstances ought to enable him to be tolerant of all other people's weaknesses and shortcomings, so long as they do not prevent the success of the undertaking he is helping to manage. He has to try to be perfect himself, without expecting or hoping for anything approaching to perfection in others. In the choice of managers and the superior employés, great judgement is necessary ; and perhaps the most frequent failing in the selection of managers, &c., is in engaging the best-looking and most plausible men, while the quiet, modest, unobtrusive men are passed by and rejected. It is the old story once more of the gaudy tulip and the unpretending violet. The business experience acquired in the retail store will generally open a man's eyes, make him shrewder, and prevent him from making those mistakes in the choice of men, which, in the past, have been fatal to so many societies. Business experience, again, is needed to accurately ascertain whether certain results of profit or loss are due to the efficiency or inefficiency of the manager, or are due to causes over which he has no control. Often, when results

have been bad, the manager has been blamed, through want of knowledge, when he deserved no blame; but he has been sometimes retained in his position, through the incapacity of the committee, when the well-being of the society required his dismissal. Great powers of perception, and accuracy of judgement, are essential qualities in officers of societies; and men should not be placed in these positions, unless they possess the necessary qualifications.

Working-men often overlook the absolute necessity for good book-keeping; not only the portion necessary to make out a balance sheet, but still more the portion which is necessary to enable the manager and the committee to know, week by week, whether profits are being made or not. They must get over their native dislike to 'spending money in spoiling books,' as it was once put to me, and learn that the possibility of success without good book-keeping, is like putting into a lottery where there are very few prizes.

They must learn also to produce not what they know, or think, are the best goods, but those which the public require, regardless of their intrinsic value. Those who pay the piper will insist upon calling the tune; and the public will just the same insist upon having what it likes, whether it is the best thing for it, or not. Attempts may be made, however, to educate the public to a proper taste, and persuade them to adopt new ideas; but, if co-operators wish to be successful, they will not try to force the public to accept their standards. If they do try, they will fail, and cause their society to fail also.

Co-operators must also understand the benefits of machinery, and must not shrink from adopting all the newest improvements at almost any cost. Many societies have failed through their reluctance to adopt machinery; and, although co-operators generally are now more alive to the value and necessity of it, I am certain we shall have more failures caused by this reluctance, before the lesson is completely learned.

Officers of productive societies must not be alarmed at the cost of getting orders from the public, and they must not shrink from the task ; for it is essential to success. They must remember Mr. Maxwell's illustration of the sewing-machine, which cost more to sell than it did to make ; and they must bear in mind that efficiency in all parts is the first consideration, while cost is only the second. So long as a profit for the society is the result, the members must not quarrel with the cost of any service, until they can provide an efficient substitute at a cheaper rate.

Finally, there is the necessity for harmony among the members of a society. A democracy can only live by the rule of the majority being submitted to with a good grace. The minority must learn to pocket their opinions, and work with the majority, even when they think they are going to destruction. The practice indulged in by some people, of elevating all their opinions to the dignity of principles, and fighting for them in season and out of season, is fatal to democratic government, and will, if persisted in by a fair-sized minority, wreck the most prosperous society. It irritates the majority, causes contention, and provokes reprisals. Attention is distracted from the duty of conducting the society's business, and is concentrated upon civil war. Any man who desires to promote the prosperity of his brother co-operators, will never unduly press his opinions when in a minority. He will remember that although he thinks he is right, he may be wrong ; and he will value the peace and prosperity of his society, before the success of his own opinions.

## CHAPTER XXVIII.

### PROFITS AND PROFITS-SHARING.

WHAT is profit? Referring to one of the most recent works on Political Economy, I find it laid down that

‘the total income derived from any use of capital is profit; and this is commonly regarded as consisting of three parts. One is the remuneration of the labour of managing the capital, or earnings of management; another is insurance against risks involved in that particular use of it; and it is only what remains that is properly to be regarded as net interest.’ The writer added, ‘much which is commonly called interest, is not interest properly so-called, but contains some parts of the other two elements of profit<sup>1</sup>.’

In another chapter, the writer, speaking of monopoly revenue, and taking a public company as an example, pointed out that

‘the net income divided among shareholders includes interest on capital invested, and insurance against risk of failure, but little or no earnings of management, so that the amount by which the dividends are in excess of what may fairly be allowed as interest and insurance, is the monopoly revenue which we are seeking<sup>2</sup>.’

It is this monopoly revenue which co-operators are generally agreed upon considering to be profit; for, from the time of the introduction of the system of dividing profits among the members according to the amounts of their purchases, capital has first been awarded its agreed

<sup>1</sup> Marshall's *Principles of Economics*, vol. i. p. 620.

<sup>2</sup> Ibid., p. 457.



remuneration, just the same as labour has received its agreed wages, before these profits have been divided.

The principle of profit-sharing is generally understood to have been imported from France; and Miss Potter (now Mrs. Webb), in common with others, has credited Mons. Buchez with having been the originator of the principle in 1831<sup>1</sup>. It is, however, probable that profit-sharing has almost always been more or less practised; and in 1829, two years before Buchez expounded his views on the subject, Lord Wallscourt practised a system of profit-sharing on an Irish farm, which was based upon a principle that with difficulty can be excelled, for the purpose it was intended to serve. This nobleman valued 'every workman as the possessor of as much capital as will yield at 5 % per ann. the sum paid to him in wages.' Labour was paid its wages, and capital was paid its interest. The remaining profit was then divided *pro rata*, to the capitalist on his capital, and to the labourer on his capital value as ascertained in the manner aforesaid. Writing to J. Bourne, about the end of 1845, Lord Wallscourt said, 'I have tried the plan for seventeen years, and have found it answer much beyond my hopes, inasmuch as it completely identifies the workmen with the success of the farm<sup>2</sup>.'

In discussions on profit-sharing, the question of the division of the wealth produced by the combined services of labour and capital, or in other words, the amount of wages to be paid to the labourer, and the amount of interest to be paid to the capitalist, is often mixed up with the question of the division of the profits made in the trade, or industry, in which the labour and capital have been employed. E. V. Neale, writing in 1861, said that the Christian Socialists 'considered it a sin against the true spirit of co-operation for capital to ask for more than 5 % with such guarantees against total loss as the accumulation of part of the profits it made might afford;' while all the profits made in a

<sup>1</sup> Potter's *Co-operative Movement*, p. 119.

<sup>2</sup> *People's Journal*, January, 1846, p. 42.

business were to be divided among the work-people. But, in a short time, Mr. Neale discovered that capital would not come into an industry on these terms; and he, at the date he wrote, held the opinion that 'there is no rule by which the amount can be fixed. It is essentially a matter for agreement between the parties concerned'<sup>1</sup>.

The question of the division of the joint produce between these two factors, or, to put it in another form, the regulation of the rates of wages to be paid to the workers and the rates of interest to be paid to the capitalists, must, I think, be settled independently of the question of sharing profits. The former is a very much larger question, and is of far greater importance, than the latter. Profit-sharing will not remove the acknowledged inequalities of remuneration which prevail, not only between capital employed in different businesses, but between different sets of work-people whose employments, if measured by the skill required, the risk incurred of injury to the body or of loss of life, and the disagreeableness of the occupations, would probably cause just and thoughtful people to reverse the rates of remuneration now received by the workers in different trades. When, therefore, it becomes a question of doubling, or perhaps trebling, the remuneration in one occupation, while the remuneration in another occupation may be kept stationary, or even be cut down, and the remuneration to capital may be cut down also, the other question of sharing profits, which involves a much smaller amount of addition to, or subtraction from, the total takings of capital and labour respectively, is reduced to comparative insignificance.

Hence, we find that most of the trades unions attach little or no importance to systems of profit-sharing; and some have even been hostile to them, as in the cases of the South Metropolitan Gas Co., and the Thames Ironworks Co.<sup>2</sup>; and it is forgetfulness of this great difference

<sup>1</sup> *Co-operator*, vol. ii. p. 86.

<sup>2</sup> Answers to Questions, Labour Commission, Group A, p. xiii, and

in the relative value of a share of profits and of a re-adjustment of remuneration, either in wages or in the conditions of employment, that has made so many people imagine that profit-sharing would abolish strikes, or prevent conflicts between employers and employed. Provisions in the rules, or articles, for sharing profits with the work-people, did not prevent strikes taking place at the Paisley Manufacturing Society, the Scottish Wholesale Society, the Ouseburn Engine Works, the Metropolitan Printing Co., and the Eccles Manufacturing Society, when the work-people thought that they were unjustly treated<sup>1</sup>. Whether they were right in their opinion, or not, does not affect the point under consideration ; so, I do not propose to discuss it.

This re-adjustment of the division of the produce, or, if the term is preferred, the regulation of the relative rates of remuneration to capital and labour, can only be completely effected by the thorough education and instruction of all classes, so that everyone may fully comprehend the comparative advantages of different occupations, and be able to judge which one he is best qualified, by natural capacity and by training, to undertake with success. When education has thus paved the way, the natural law of supply and demand will, in democratic associations, soon regulate accurately the equitable remuneration of capital and labour, in proportion to the risk run, and the skill, endurance, and reliability required ; since, in these democratic associations, everyone connected with them has similar opportunities of investing capital, of being well-informed, and of obtaining employment.

In the preceding chapter, I have tried to explain how, by paying the worker his wages and the owner of capital his fixed interest, the goods produced in the workshops of co-operative societies which are constituted on the basis

Group C, p. xx, and Report of Board of Trade on Profit Sharing, 1891, p. 23.

<sup>1</sup> See chapter xvii. p. 343 ; xv. p. 244, 245, 246, and 248 ; xx. p. 451 ; xxiii. p. 580 ; and xvi. p. 332.

of the consumers of the produce being the shareholders, are practically sold at the actual cost of production and distribution. This arrangement is looked upon by the majority of co-operators as being nearly perfect in its equity, since the consumers are exclusively made up of the two classes which contribute services towards the production of the required goods; viz. the capitalists and the workers<sup>1</sup>. Each of these classes receives its agreed fixed remuneration, and then, in addition, receives its share of the benefits of co-operation in proportion to the amount of goods consumed by it. As everyone has the same opportunities of obtaining a supply of goods, this is fair to the consumer; and as everyone has the same opportunities of investing capital, the system is equally fair to the capitalist. If, for any reason, a member purchases less, or invests less, than other members, and thereby receives less benefit than the others, this is not the fault of the society, whether the cause be the member's misfortune, or the member's fault. But everyone cannot become an employé of the society; and here lies the possibility of injustice<sup>2</sup>. If all the members could be offered a share of the labour required, then justice would be done to all; but the exigencies of modern industry forbid this being carried out. In consequence, a selection has to be made; and justice is met, so far as giving everyone an opportunity of competing for the situations open can meet it. If the employés so engaged are treated exactly as other employés are treated by private firms, justice again would appear to be met; for all the members are then on a similar footing in their respective occupations; but, if they are treated worse, then there is an injustice created at the expense of the employés for the benefit of the members. On the other hand, if the employés are treated better, then an injustice is created for the benefit of the

<sup>1</sup> Towards the end of this chapter, I refer to, and recognize, another factor, viz. the seller of the raw material; but for the sake of clearness, I omit it here.

<sup>2</sup> See page 761 on this point.

employés at the expense of the members who are not employés.

It may safely be asserted, on the evidence given in the preceding chapters, that employés in co-operative societies, taken as a whole, are treated better than employés in private firms, when they are taken as a whole ; and, therefore, if the reasoning in the previous paragraph is accurate, the employés in co-operative societies receive more benefit from co-operation than, in strict justice, should be accorded to them. This, however, is done by the members with full knowledge of what they are doing ; and the underlying feeling which prompts their action is, that labour, generally speaking, does not receive that fair share of the joint produce of the services of labour and capital, which it ought, in justice, to receive. More considerate treatment than the members receive in their occupations, together with shorter hours, better wages, and sometimes a bonus on wages, or a share of profits, are consequently generously given, where the prosperity of a co-operative business will allow these things to be done, with the objects of setting a good example to other employers, and of gradually raising the general standard of comfort of all working people. This conduct is, as will be seen later on, far superior in generosity of disposition, and in benefits to the employés, than ordinary profit-sharing.

Investors of capital in this class of co-operative society<sup>1</sup> are not better treated than they would be elsewhere ; for the remuneration, including the economist's premium for insurance for risk of loss, never goes above 5 % per ann., while it sometimes goes down to  $2\frac{1}{2}$  %, and is frequently only 4 %. As Consols, which are supposed to be a nearly perfect security, give a remuneration of over  $2\frac{3}{4}$  % per ann. ; it would seem as if co-operators had reduced the insurance premium for risk to capital, to almost its smallest dimensions.

This system of working the co-operative societies of consumers, may be termed a system of profit-sharing in

<sup>1</sup> i. e. Co-operation by Associations of Consumers.

proportion to consumption; or it may be termed, with equal justice, a system of co-operation where profit has been eliminated. I prefer the latter term, since profit is usually associated with the idea of making something out of somebody; while in the above-named system of co-operation, the idea is that of associating for mutual benefit, where nobody makes anything out of anybody else.

The consideration of profit-sharing in this chapter, will consequently now be limited to those associations where the business is not confined exclusively to co-operators; such as the Lancashire Cotton Companies, the semi-federal productive societies, and those productive societies which have been established by the co-operation of workers, &c., for the supply of the general public.

The benefits of a combination of knowledge and association, which have been previously considered, are fully seen in the case of the Oldham Working-class Spinning Companies. In the course of twenty years, or thereabouts, the remuneration of the operatives has very materially increased (over 40 %); but the remuneration to share and loan capitals has been reduced to very low figures. In the case of share capital, it has averaged for some years less than 5 % per ann.; and in the case of loan capital, it has been about 4 % per ann.; so that the average remuneration to capital for several years, has been under  $4\frac{1}{2}$  % per ann.: or about one-third of what it averaged in the cotton industry twenty years ago<sup>1</sup>. The Board of Trade report on profit-sharing, which was issued in 1891, and which is the most recent authority on the subject, does not give a single case where profits would be shared with the work-people with such a small remuneration to capital. This again, I think, confirms the view generally taken by both co-operators and trades-unionists, that the equitable division of the joint produce, between the capitalists and the labourers, is of far greater importance than the sharing out

<sup>1</sup> See chapter xvi. pp. 307-8.

of the net profits remaining, after capital and labour has each been paid its agreed rates of interest and of wages.

On the other hand, the injurious effects in this respect of either want of knowledge or want of combination or both, were illustrated by William Inskip, General Secretary of the National Boot and Shoe Operatives Union, in August, 1892. He described two workshops in Northampton, where, 'although the man is absolutely the same man, he gets 16s. for one class of work at one shop, and across the road he gets 24s. for exactly the same work'. A share of profits would scarcely have remedied this gross inequality; and I do not know of any establishment, where the profits allotted to the workmen would have been high enough to have made good the difference between the two wages.

In the semi-federal co-operative societies, which are partly engaged in producing goods for the use of co-operators, there is also a tendency to reduce the remuneration of capital. Thus, the Co-operative Printing Society, which was the first of the now existing societies to be started as a combination of *working* shareholders and *customer* shareholders, originally paid 7 % per ann. on share capital, while the remaining profits were divided between capital and labour. In 1872, the interest on share capital was raised to 7½ % per ann.; but the remaining profits were divided into three equal portions, one portion being given to the capitalists, the consumers, and the work-people, respectively. This meant a less share for the capitalists. In 1891, the capitalists had another small amount docked, by the three classes being each paid the same rate in the pound on capital, trade, and wages, out of the net profits; and, in 1892, the first, or minimum, remuneration of share capital, was cut down from 7½ % to 5 % per ann.<sup>2</sup> Again, the Hebden Bridge Fustian Society, shortly after it started, paid as much

<sup>1</sup> Report of Boot Trade Conference before Sir H. James, Leicester, 1892, p. 43.

<sup>2</sup> See chapter xxiii. pp. 574, 575, and 576.

as  $12\frac{1}{2}$  % per ann. on share capital, and divided the remaining profits between the shareholders and the work-people. In 1873, the payment on share capital was limited to  $7\frac{1}{2}$  % per ann., and the remaining profits were divided between purchasers and work-people in proportion to the amounts of purchases and wages respectively. In 1885, a second class of shares was created, bearing only 5 % per ann. interest ; and, in 1890, the remuneration of all share capital was reduced to 5 % per ann., without any further share in the profits<sup>1</sup>.

Advocates of profit-sharing generally lay great stress on the increased benefit that will thereby accrue to the capitalists who adopt the practice. Sedley Taylor said :

‘ Under successful participation, additional profits, due to the more zealous efforts of the work-people, are realized. A part only of this surplus is, as a rule, allotted to labour. The remainder, which goes into the pocket of the employer, may, since it is exclusively produced by the workmen, be with strict propriety regarded as their contribution towards his future losses in bad years. Further, it must be remembered that participating workmen incur a positive loss whenever there are no profits to divide—the loss, namely, of all the extra care and exertion which they have expended in the prospect of a share in the profits to accrue at the year’s end<sup>2</sup>.’

Mr. Taylor might have added that, in bad times, the workman has his losses in the shape of short time, or being out of employment. He has to meet these losses out of his remuneration ; and as the employer receives for his capital a remuneration which includes both interest and compensation for risk of loss, it is unreasonable for the capitalist to expect the workman to also share the losses of capital.

In a pamphlet by T. W. Bushill of Coventry, that gentleman said : ‘ Some firms in adopting this principle of profit-sharing . . . put it before their employés in this way, “ We think that by increased exertions and care on your part the profits of the business may be increased ; all the *additional* profit that is made after this date you shall have half of<sup>3</sup>. ” ’

<sup>1</sup> See chapter xvi. pp. 334, 335.

<sup>2</sup> Taylor’s *Profit-sharing*, p. 66.

<sup>3</sup> Bushill’s *Profit-sharing Scheme*, p. 15.



Again, at the Crystal Palace, in 1891, E. O. Greening said on this subject: 'There is a common delusion that what the worker gains must be abstracted either from the share of the investor or that of the customer.' To combat this alleged delusion, he gave an illustration from the practice of the Agricultural Association, of which he is the managing director, to show that there, at any rate, the capitalist or the consumer gained by sharing profits with the work-people. They had two sets of machinery for producing oilcake:

'New employés, unfamiliar with bonus to labour, only produced 21 to 26 tons off the first machinery, and about 48 tons off the second. But under the stimulus of bonus, the first machinery is now made to produce about 57 tons per week, and the second machinery over 76 tons per week. The men and boys have raised their own earnings from an average of £1 os. 7d. per week to an average of £1 6s. 8d. per week<sup>1</sup>.'

Geo. J. Holyoake also has taken a similar line. 'He always contended that the workers made the extra profits which were *divided*<sup>2</sup>, and that these profits would never have existed, had it not been for the inducement offered by becoming a partner in the concern<sup>3</sup>.'

With reference to extra profits made by the extra exertions of the workers, a letter, in 1860, from a co-operator, said: 'The admission of workmen to participate in profits stands thus:—Here is an employer with 100 workmen. If he can get 80 to do the work of 100, he is willing to share the wages of the 20 between the 80 workmen and himself, and thus he makes more profit. I have seen this tried on, and it is bad:—one of the worst forms of fierce competition<sup>4</sup>.'

At the Congress of 1869, Wm. Pare asked Mr. Briggs, of profit-sharing notoriety, 'Why, as a matter of principle and right, the extra profits made by the increased care and exertions of the workman, should not belong entirely to him?' while J. M. Ludlow not only claimed all such extra

<sup>1</sup> *Co-operative News*, vol. xxii. p. 847.

<sup>2</sup> The italics are mine.

<sup>3</sup> Congress Report, 1877, p. 51.

<sup>4</sup> *Co-operator*, vol. i. p. 91.

profit for the workman, but a share of the ordinary profit in addition, for, he said: 'The profit did not solely belong to the employer, because the workmen helped to create it whenever it existed, and had a right to share it; and he ought not to be limited to such a share of it as could be made by extracting from him an extraordinary amount of labour<sup>1</sup>.'

On the line laid down by these co-operators, Mr. Greening's workmen were treated unjustly: for when they were turning out 74 tons, or less, of cake weekly, each workman received on the average £1 os. 7d. weekly; and when they were turning out 133 tons, they ought, as a matter of proportion, to have received £1 17s. per week, instead of the £1 6s. 8d. which was actually paid to them. The men, consequently, received 10s. 4d. each weekly, less than, on a piece-work system, they would have been entitled to; so that this system, instead of being bonus to labour, was a system of discount to labour. If the men had been paid the full amount to which I think they were entitled, the association would still have made a legitimate additional profit; since the same premises, and the same machinery, together with the same fixed expenses for interest, depreciation, rents, rates, and other establishment charges, had been used to turn out about 80% more work, without any increase in these charges; so that the margin of net profit would be increased, because more than two-fifths of the

• output of goods were produced practically free from establishment charges. True profit-sharing would have given to the employé's, in addition to the *full* wages that had been earned, part of this legitimate additional profit, in accordance with Mr. Ludlow's contention, which I believe to be a fair one, that the men had helped to create it. In an Oldham Spinning Mill, the men would not only have each received the full £1 17s., but would also have received an additional sum as their share of the advantage derived

<sup>1</sup> Congress Report, 1869, pp. 77, 78.

by the employer from the more efficient use of the machinery.

There is a drawback, from a general, or public, point of view, in stimulating work-people by sharing profits with them on Mr. Greening's and Mr. Sedley Taylor's plan, viz. that through ignorance, they may so exhaust their physique as to become prematurely aged, or even to shorten life. What is really needed is to obtain out of a man in the course of the longest possible lifetime that can be secured to him, the best possible results for his own comfort and happiness, consistently with a proper regard for the good of the community. It is doubtful if this would be secured by a system of profit-sharing, where workmen are stimulated to additional—perhaps excessive—exertions, and then receive a portion only of what their additional exertions have produced. The men are entitled to all they earn without any deductions. The sharing of profits should be legitimate; and the profits should be those defined at the commencement of this chapter.

In co-operative associations, the question of profit-sharing will not often be decided by the prospect of additional profits being secured by the capitalists through its adoption. It will, I think, be decided by the justice, or otherwise, of the principle; or else by a generous desire to place the employes on a footing of superiority to those in private employ. To ascertain the growth or development of the idea among co-operators, I will give some of the facts and opinions, which have been recorded in connexion with this subject during the last fifty years, or thereabouts.

I have already noticed Lord Wallscourt's plan of dividing profits *pro rata* on wages and interest, and also Mr. Neale's statement that the Christian Socialists' plan was to divide all profits among the work-people in proportion to wages. In 1851, Mr. Neale suggested to the Christian Socialist Associations, that they should put all their profits together, and then divide them among all the work-people employed by the associations, in proportion to the time each man had

worked. This suggestion was negatived. In the same year, speaking in favour of the Central Co-operative Agency, Mr. Neale said, 'There is no inducement for fraud, for, as the managers have a fixed salary, large profits do not benefit them;' and a few weeks later, he said, that in the London Working Associations, there 'has been but little attempt to reconcile the interest of the capitalist and the producer, none to reconcile those of the producer and the consumer'.<sup>1</sup>

William Lovett, speaking of the Co-operative Associations established about 1830, said: 'As their funds increased, some of them employed their members, such as shoemakers, tailors, and other domestic trades, paying them journeymen's wages, and adding the profits to their funds'.<sup>2</sup> In 1851, J. M. Ludlow said, that the Bury Redemptionists were the only working men in the provinces who were impressed with the importance of 'attributing profits to labour and not to capital.' In the same year, however, at a meeting held by the Bury Redemptionists to support the projected Co-operative Ironworks in Liverpool, 'strong objections were urged against the workmen in the establishment receiving the profits.' The objectors wanted the profits to be appropriated for the general benefit of all the Ironworkers of the United Kingdom.<sup>3</sup>

Outside the Christian Socialist Associations, and in fact, before they were in existence, the Bloomsbury Needlewomen's Association, which was started in 1846, divided the profits among the work-people after paying 5 % per ann. on the capital.<sup>4</sup> At Manchester, the Working Hatters' Association, which was started in 1851, shared profits on exactly the same basis;<sup>5</sup> but the Garden Lane Society, in 1851, was placing all profits to capital account, and was using them 'in setting men to work'.<sup>6</sup>

The Bacup and Wardle Commercial Co., which is the oldest existing working-class Cotton Company, having

<sup>1</sup> See chapter x. pp. 119 and 120.

<sup>2</sup> *Ibid.*, ix. pp. 100 and 101.

<sup>3</sup> *Ibid.*, xi. p. 132.

<sup>4</sup> *Ibid.*, vii. p. 80.

<sup>5</sup> *Ibid.*, vii. p. 82.

<sup>6</sup> *Ibid.*, vii. p. 85.

been started in 1850, has always divided the profits on capital; but the Rochdale Manufacturing Society, which was started in 1854, began on the basis of sharing profits with labour. The original system of sharing profits gave twice as much in the pound to the work-people on their wages as was given to the shareholders on their capital, in addition, of course, to interest. It was then altered to a payment of 5 % per ann. on share capital; and the division of the remaining profit was made *pro rata* on the amount of capital and amount of wages. This gave capital 'nineteenths of the remainder of the profits.' The 'bounty to labour,' as it was called in Rochdale, was abolished in 1862. A summary of the arguments, pro and con, that were used on the occasion, has been given in the sketch of the Rochdale Manufacturing Society<sup>1</sup>.

When *The Co-operator* was established, profit-sharing was frequently discussed in its pages. 'A Lover of Justice,' writing in 1860, said, that as capital was 'stored-up labour, therefore the wages of capital and the wages of labour should share equally surplus profits<sup>2</sup>.' In the same year, Dr. Watts told the Social Science Congress that 'the plan for division of profits in the' Rochdale Manufacturing Society was a novelty<sup>3</sup>; and E. V. Neale advocated, in a couple of letters to *The Co-operator*, a new method of division. He said: 'The original claim to a share of profits must be founded in justice on the interest—or, as I call it, the wages—of capital. It cannot justly claim a larger share of the proceeds of any work done by it conjointly with present labour than that due to its own total amount, compared with the total amount of present labour used to 'make it available.' But, on the ground that labour cannot wait for its share, and has to be paid wages week by week, Mr. Neale approved of letting capital take half the surplus profits, while labour took the other half. He first

<sup>1</sup> See chapter xvi. p. 261.

<sup>2</sup> *Co-operator*, vol. i. p. 130.

<sup>3</sup> *Ibid.*, p. 124.

advocated this division in his Co-operative Handbook of 1855, and in his letters of 1860, he said: 'I know of no principle which makes so near an approach to justice, and is so little open to practical objection, as the principle . . . of treating the wages earned by every worker, or the amount of purchases of any buyer, during the time over which the division extends, as capital, and apportioning the profits accordingly<sup>1</sup>.' A correspondent, however, pointed out that Mr. Neale's plan would work differently, according to the length of the period covered by each division of profits. If the profits were divided annually, wages would receive half the net profits. If the profits were divided half-yearly, or quarterly, wages would, at each division, still receive half the net profits divided. But, when divided half-yearly, wages would, in a year, only receive half as much of the profits made in the year, as they would receive if divided annually; and if quarterly, would only receive one-fourth as much as if divided annually; the reason being that, at each division, the total amount of capital would come in for its *pro rata* share, while wages would only receive on the amount paid during the time covered by the division<sup>2</sup>. Mr. Neale admitted this, and said he had meant the division of the profits to be 'annual'<sup>3</sup>.

The Eccles Manufacturing Society was started in 1861 on the basis of paying 5 % per ann. on share capital, and dividing the remaining profits at the same rate in the pound on the amounts of wages and share capital respectively. This arrangement has continued down to the present time, except that £357 of share capital which was issued in 1876, receives  $7\frac{1}{2}$  % per ann.<sup>4</sup>

In 1862, Wm. Cooper, in his advice to co-operative societies issued with the model rules under the sanction of the Lancashire and Yorkshire Conference Association, said: 'Use the profits of your work to obtain for labour

<sup>1</sup> *Co-operator*, vol. i. pp. 14 and 94.      <sup>2</sup> *Co-operator*, vol. ii. p. 34.

<sup>3</sup> *Ibid.*, p. 87.

<sup>4</sup> See chapter xvi. p. 331.

generally a fair share of the profits of all capital, by giving it a fair share in the profits of your capital<sup>1</sup>.

In Scotland, the Paisley Manufacturing Society was formed in 1862. For six years the profits were 'divided on share capital; but, in 1868, it was decided to share profits with purchasers; and this 'was shortly afterwards followed by dividend on wages.' Since then, share capital has been paid 5 % per ann., and the net profits have been divided at an equal rate in the pound on share capital, purchases, and wages, respectively<sup>2</sup>.

E. O. Greening's Cobden Mill experiment was floated in 1866. If it had succeeded, share capital would have received 10 % per ann., and the net profits would have been divided *pro rata* on share capital and wages. In 1869, eleven years after its formation, the Sun Mill Co. adopted profit-sharing among its principal employés only; and in 1870, the Oldham Twist Co. adopted a similar system. The Sun Mill Co. discarded the practice in 1875, after having tried an alteration; and the Oldham Twist Co. shortly afterwards abandoned it also<sup>3</sup>.

The Wolverhampton Locksmiths' Society, which was started in 1864, adopted the plan of paying 5 % on share capital, and then dividing the profits in the proportion of one on every pound of wages to two on every pound of interest on share capital<sup>4</sup>. Henry Briggs, Son, & Co., when they became a Limited Co. in 1865, adopted the plan of paying 10 % per ann. on share capital, and proposed to divide the remainder into two halves, one of which was to go to the work-people in proportion to their wages, and the other to the shareholders in proportion to their share capital. Messrs. Briggs, however, did not adhere to this rule, but carried enormous sums to the reserve fund, &c., before they made the division of the profits. These funds were afterwards appropriated by the shareholders<sup>5</sup>. The practice

<sup>1</sup> See chapter xii. p. 145.

<sup>2</sup> *Ibid.*, xvii. pp. 339 and 340.

<sup>3</sup> *Ibid.*, xvi. pp. 267, 289, and 290.

<sup>4</sup> *Ibid.*, xx. p. 441.

<sup>5</sup> *Ibid.*, xxi. pp. 495 and 497.

of carrying large sums to the reserve fund is very often adopted; and whether intended or not, it has the effect of cheating the employés in profit-sharing concerns, of a portion of their full share of the profits, since the reserve fund is always treated as belonging exclusively to the shareholders, although the profits placed to it would, if divided, have gone partly to the employés.

On Greening and Co. being turned into a Limited Co. in 1865, it was proposed to pay 10% on share capital, and then divide the profits at the same rate in the pound on capital and wages, in the hope, it was said, that the men would thereby work harder, and so enable the company 'to show higher dividends, and more regular profits'.<sup>1</sup>

From 1868 until 1872, the Union Land and Building Co. divided all profits on share capital. It was then decided to pay 7½% per ann. on share capital, and divide the remainder at the same rate in the pound on capital and wages respectively. In 1875, the company abandoned the practice; it being said that the workmen did not appreciate the bonus, and that they preferred 10s. to 15s. in ready cash to having £2 to £3 of bonus in the form of share capital.<sup>2</sup>

The Framemakers' and Gilders' Association, on its conversion, in 1867, from an association of the Christian Socialist type, into a limited company, provided in its articles that share capital should be paid 7½% per ann., and that the net profits should be divided into halves, one going to the shareholders, and the other to the workers.<sup>3</sup>

The question of profit-sharing was discussed in 1869, at the first of the present series of Annual Co-operative Congresses, when the following clause was inserted into several resolutions, by way of defining what organizations should be considered to be co-operative societies; viz. 'No society to be deemed co-operative which divides profits exclusively on capital'.<sup>4</sup> At the 1873 Congress, held at

<sup>1</sup> See chapter xx. pp. 444-5.

<sup>2</sup> Ibid., xxii. pp. 551 and 552.

<sup>3</sup> Ibid., xxv. p. 677

<sup>4</sup> Congress Report, 1869, pp. 47 and 67.



Newcastle, Mr. Borrowman of Glasgow read a paper in which he approved of the ordinary plan practised in distributive societies of dividing profits on purchases, but advocated that in productive societies the whole of the profits should go to the workers. Mr. Holyoake also read a paper in which he proposed that productive societies should share profits with the capitalists, the workers; and the consumers; urging, with regard to the latter, that 'the customer has to be solicited in obsequiousness, and his custom awaited with anxiety. But once included as a participator of manufacturing profits, he will bring his orders without waiting to be asked for them.' A third paper was submitted by Mr. Ludlow, who objected to bonuses altogether, and wanted productive societies to belong to the work-people 'as associated self-employers' <sup>1</sup>.

In the discussion on the above-mentioned papers, Robert Stapleton of the Co-operative Printing Society, advocated the work-people being shareholders, and also having a share of profits as workers. Abraham Howard of Rochdale advocated the recognition of both consumer and producer. Lloyd Jones recommended the co-operators to go on experimenting without condemning any efforts. Then, he said, they 'would attain a truer system of co-operation than they could hope for now.' Wm. Marcroft recommended 'the recognition of the capitalist, labourer, and consumer.' Mr. Hilton of Middleton pointed out that 'the greatest productive power of an honest industrious man was reckoned as his minimum productive power, and his bonus on that productive power was calculated accordingly.' Mr. Pinstone of Manchester suggested that they should 'all go away with this idea, that they were all right in their different forms, and let them all do the best they could;' and Wm. Nuttall advocated fixed wages, or interest, on capital, and then dividing the profits between the consumers and the work-people. A resolution was carried by the Congress,

<sup>1</sup> Congress Report, 1873, pp. 49-54.

which proposed that 'the constitution of co-operative productive societies should provide for a just and equitable division of the profits between capital and labour, and, as far as practicable, trade<sup>1</sup>.'

A list of the then existing productive societies was submitted to the 1874 Congress, at Halifax. There were seventeen societies enumerated. Two of these paid share capital 10 % per ann., and gave one-third each of the net profits to capital, labour, and custom. Four others followed the same rule of division after paying  $7\frac{1}{2}$  % per ann. on share capital; and there were four others who did the same after paying 5 % per ann. on share capital. Two societies paid  $7\frac{1}{2}$  % per ann. on share capital, and divided the net profits equally between labour and trade. One paid 5 % per ann. on share capital, and one-tenth of the net profits to labour, the remaining profits being divided at the discretion of the shareholders' meetings. The remaining four societies paid capital 5 % per ann., and divided the profits between capital and labour. The secretary of the Co-operative Union remarked on the methods of division, that dividing profits 'equally' is 'understood to mean that the total sum paid in wages during the period to which the division relates shall be added to the total of paid-up capital and of sales, to form a denominator by which the total of net profit shall be divided, and thus a rate in the pound be obtained for calculating the share of each claimant<sup>2</sup>.'

At this 1874 Congress, J. M. Ludlow said :

'The question of what share in the profits, or what kind of interest the producer should have, appears to me one capable of many varieties of solution, according to the nature of the business and the manner in which it is established. It appears to me quite clear that in any business in which the greater part of the outlay consists of fixed capital, and the smaller portion goes in wages, the labourer cannot have the same claim to share in any distribution of profits as in a concern in which, on the contrary, the main outlay is wages, and a very small fixed capital is required.'

<sup>1</sup> Congress Report, 1873, pp. 55-63.

<sup>2</sup> *Ibid.*, 1874, p. 28.

He also noted the distinction between productive societies supplying the general public, such as the Framemakers and Gilders' Association, and those which supplied the distributive co-operative societies. In the former class, Mr. Ludlow thought that 'consumption, as such, has not the slightest claim to profit, and that it could only have a claim in case it contributed to capital'.<sup>1</sup>

At the same congress, J. F. Brearley of Oldham, as a working-man, objected to 'bonus.' He thought 'piece-work was the best way to get the most labour from working-men.' Mr. Goodall of Leeds suggested a fixed interest payment on share capital, and then dividing the profit between 'labourers and consumers.' Mr. Hartley of Hebden Bridge advocated the same 'principle of bonus to the worker and consumer.' Mr. Blizzard also advocated the same plan, and thought 'that the more they discussed the more they magnified their little differences.' Dr. Watts concluded the discussion by alluding to the sanguine expectations of some profit-sharing advocates, and said :

'If you take a lot of adult workmen in any given establishment, and you suppose that by giving them bonus to labour you will convert devils into angels, you will be very much mistaken.' He went on, 'I do not think there is very much to quarrel about; and I do not think it matters very much in which way the various people settle productive establishments for the present. Those which succeed best will no doubt in the long run be the models which we shall all follow'.<sup>2</sup>

At the 1875 Congress, E. V. Neale moved a resolution to the effect that 'every productive establishment, founded in connexion with a distributive centre, should provide for an equal division between the consumers represented by that centre and the workers employed in the establishment, of the net profits realizable on their work, at the ordinary prices obtainable for such articles after the interest on capital has been paid'.<sup>3</sup> The resolution was dropped,

<sup>1</sup> Congress Report, 1874, p. 40.

<sup>2</sup> Ibid, pp. 39-41.

<sup>3</sup> Ibid., 1875, p. 47.

probably because it was unequal in its incidence. For instance, a bootmaker in a retail store would have received by the operation of Mr. Neale's proposal, half the retail profit, while a bootmaker in a wholesale society would only have received half the wholesale profit; the difference between the two being about as ten is to one.

At the 1877 Leicester Congress the subject was again discussed. Lloyd Jones said he would not say how much or in what manner 'bonus to labour, or whatever else it may be called,' should be given, but he would 'insist simply on the concession of the principle, knowing that once conceded there can be no difficulty in the arrangement of details.' Fred. Smith, of the Union Land and Building Society, would only divide profits on share capital, but would give the workman 'facilities for acquiring shares in the establishment where he is employed.' Mr. Smith thought that the workman got his share of profits 'in a commuted form when he received his weekly wages.' Thos. Hughes was willing to leave it to a society to say whether capital should have '5 % or 10 %,' but he would insist that every society should 'recognize and practically carry out the right of the worker to share in profits.' John Butcher, manager of the Wholesale Society's Leicester Shoe Works, said 'if they were to give a bonus it must be of such a character as would influence the labourer.' He did not think that the profits of the boot trade would allow of big bonuses, and he thought 'the wages question was the primary one with workmen.' During the last three years, he added, the Leicester workmen had often got, one on the top of another, more than a bonus would amount to, 'in the shape of advanced wages'.

The Leicester Congress passed the following resolution :—  
'That we re-affirm our unaltered conviction that all our co-operative unions for production should be based upon the principle of conciliating the conflicting interests of the

<sup>1</sup> Congress Report, 1877, pp. 45-52.

capitalist, the worker, and the producer, through the equitable division of the fund commonly known as profit<sup>1</sup>.

At the 1887 Congress, held at Carlisle, Thomas Hughes drew attention to the resolution passed at the Leicester Congress. He complained of the diversity of practice among co-operators in regard to the division of profits, which diversity, he thought, amounted to inconsistency. He said he had been asked to leave the question alone, as 'Congress has got no power at all in the matter,' but he was determined to again ask the delegates to affirm that 'the principle under which the workers share directly in the profits, capital, and management of the works in which they are engaged is the true principle of co-operative production.' An amendment was, however, carried, referring the subject to the next Congress. In the discussion, Wm. Maxwell said, 'we must not make too much of bonus; Mr. Holyoake had said the example of the Wholesale would create 500 profit-sharing shops in five years. Well, the Scottish Wholesale Society had paid bonus from 1868, and yet they had as great a difficulty, he was sorry to say, in founding co-operative workshops as co-operators had in England. They were not yet united as to the best means of sharing bonus to labour.' E. O. Greening accused the Scottish Wholesale Society of being 'sensible of the shabbiness' of the division of profits they made with their workpeople, and considered that the employes did not get a fair share: 'they were going backwards instead of forwards.' I proposed that the 'systems on which production is carried on among co-operators' should be continued by their respective supporters, and let time prove which was best adapted to our requirements<sup>2</sup>.

The next year, at Dewsbury, the subject was well discussed, and a compromise resolution was passed, affirming that in all productive enterprises the Congress recommended that 'an alliance be formed on equitable conditions for

<sup>1</sup> Congress Report, 1877, p. 50.

<sup>2</sup> Ibid., 1887, pp. iii, and 88-90.

the sharing of profits and risks between the workers, the capitalist, and the consumer<sup>1</sup>.

Public opinion among co-operators on profit-sharing has not, of course, been moulded solely by Congress discussions and resolutions. The sectional and district conferences throughout the United Kingdom have played a very important part, the extent of which may be gathered from the fact that in 1888 alone 31 conferences discussed the subject<sup>2</sup>. Correspondence in the *Co-operative News* has also had a great influence.

The methods and results of profit-sharing among existing co-operative productive societies are so various as to defy accurate classification within a reasonable compass, so I must refer readers to preceding chapters if they wish to refresh their memories concerning the details of the rules and practice of each society. But I must point out that since the Dewsbury Congress (1888) there has sprung up in Ireland a number of Co-operative Creamery Societies, which introduce a new factor into the profit-sharing problem, although it has, I think, been overlooked. These Creamery Societies are composed of farmers who supply the capital, supply the management, supply the milk from which the creameries produce the butter, and, beside getting the agreed fixed price for their milk, receive a share of the profits made by the creamery, in proportion to the value of the milk supplied by each shareholder. Share capital receives interest at 5 % per ann., and the employes in most of the creameries receive a bonus on their wages out of the profits, at the same rate in the £1 as the farmers receive dividend on their supplies of milk. Only the suppliers of milk and the employes share in the profits. Thus, there are not only the three powers interested in profits as recognized at the Dewsbury Congress, viz. capitalist, purchaser, and labourer, but a fourth is added, viz. the seller, or supplier, of goods, who, in the case of these creameries,

<sup>1</sup> Congress Report, 1888, p. 109.

<sup>2</sup> *Co-operative News*, vol. xix. pp. iv and v.

follows the example of the consumer in the retail and federal societies, of giving capital a fixed interest ; but, in dividing profits, reverses the example, and therefore does not recognize the consumer, just the same as the latter does not recognize the seller, when he has the control of the division of the profits.

Although the matter has never been discussed to my knowledge, I expect the reply that would be, or at any rate could be, given for this non-recognition of the seller and purchaser respectively, would be just the same as could be given with regard to an associated workshop, where the workers take all the profits without recognizing either the seller of raw materials, or the purchaser of the manufactured article, and just the same as Fred. Smith said at Leicester with regard to the work-people, viz. that the capitalists, work-people, buyers, and sellers, respectively, have tacitly agreed to receive their shares of profits 'in a commuted form,' when they receive, or give, fixed sums for certain goods or services ; and are, therefore, fairly left out of the account when the profits are shared.

By the practice of imagining myself to be in the place of each of these four parties, one after the other, I cannot help coming to the conclusion that, supposing each to have the same desire to have a share of the profits, and supposing each to have the same degree of power to enforce his wishes, there would only be one plan that would be likely to be satisfactory. I cannot help feeling that, after each of these four powers, or parties, has received the agreed reward for his services, each is entitled to share in the remaining profits ; because without the co-operation of all four, the profits could not have been made. The profits are, in fact, usually an accumulation of fragments that could not be divided efficiently at the time that each of the four powers receives his agreed fixed remuneration for goods or services ; and, as no one of the four can say exactly what portion of the fragments belongs to each, the only practicable courses are, either to try to agree upon some method of dividing

the accumulation, or for one or more to 'commute' their shares in favour of the others.

As to the method of dividing the profits, I think there is far too much noise made about it; and I also think that too much importance is attached to an actual division of profits. I attach far more importance myself to an equitable payment for the several services rendered respectively by capitalists, sellers, buyers, and work-people; and I think that the best practical way of securing this is by having every operation of life, outside the individual, conducted by means of democratic associations, in which, as I said in Chapter XXVI, every member will be trained up to exact, and to give, justice; and will be educated so as to enable him to ascertain what it is that justice requires.

In his evidence before the Labour Commission, Mr. Maxwell said of profit-sharing, 'I think that to be truly just in this matter you would have to carry the scheme or system down to the individual . . . You must follow it down to the individual to see who has served you best, or rather, who has served the interest of the community best.' But he told the Commission that in the Scottish Wholesale Society, they were not able to give this perfect justice to the individual when sharing profits, because, he said:

'Where we have 14 industries running, each of them yielding different profits, and the work-people to a large extent on common ground, we think it would be a cause of friction and ill-feeling if some got a third of what others got, perhaps when they might have worked quite as hard as the others.' So, Mr. Maxwell said, 'the departments are pooled, as it were. The various industries which carry on the business are put together, so that if boots did not make very much, it would be mended in cabinet-making, or printing. We consider our servants as one all over, and divide the profit in that way<sup>1</sup>'

It is a well-recognized peculiarity in the British character, that we do not care for microscopic perfection of details. We seem to have a feeling that it will break down in

<sup>1</sup> Minutes of Evidence, Labour Commission, October 25 and 26, 1892, pp. 36, 46, and 55.



practice ; and that, something like a circulating decimal fraction, it will prove more troublesome and vexatious than a theoretically less perfect plan will do. It is, in fact, the old story of using a razor to chop firewood. An axe is much better, although, as a cutting instrument, the razor is no doubt much nearer perfection. Most people will therefore be inclined to approve of Mr. Maxwell's practice, while they also have a great deal of respect for his theory. There is the same imperfection in the distribution of the profits of the co-operative stores among the consumers. Every one knows that some articles yield far more net profit than other articles do ; and that theoretically, the purchasers of each article should have dividends accordingly : but an attempt to put the theory into practice would be an utter failure, owing to the practical difficulties in the way. In this world, it would appear to be impossible to secure perfection ; and we are compelled to accept a compromise, or composition, instead.

I am, myself, inclined to generalize from this Scottish Wholesale Society's practice, and suggest, that it is a matter of comparatively small moment, if any one, two, or three, of the four factors, contract themselves out of the profit-sharing, and leave all the profits to the one, two, or three, other factors, so long as it is done with full knowledge on all sides, and is done voluntarily. Holding this opinion, I necessarily hold the opinion that the best method of sharing profits may well be left to be settled, on the same principle of contract after having full information, according as the parties concerned in each association may decide. The best method, or methods, will gradually be evolved by the different experiments that are being, and will be, made ; and, as Lloyd Jones said at Oldham, this best method must be proved 'by instances so numerous as to put it beyond doubt as a preferable system of business'.<sup>1</sup> With our democratic ways of working, it will have no sooner been thus proved than it will be very generally adopted.

<sup>1</sup> Congress Report, 1885, p. 5.

## CHAPTER XXIX.

### THE FUTURE.

IN the last three chapters I have endeavoured to show, that what co-operators have been aiming at, in all their various efforts, has been justice ; and that they have settled down to the belief that justice can only be universally secured by means of democratic associations, the members of which are well-informed on the necessity for, and the best means of, obtaining it. Also, that the best form of democratic organization is, where the people are combined together on the basis of consumption ; where, for their services as capitalists, or as workers, the members are remunerated by the payment of such fixed interest and wages, as the majority of the members of these organizations consider to be just ; and, where all the members receive the goods produced, or the services rendered, at the exact cost of producing the goods, or supplying the services. But, where there are people who will not, or cannot, join in these co-operative efforts, although they are willing to have transactions with co-operators, and co-operators are desirous of transacting business with them, then, in such cases, the best form of co-operation is for the people with capital to join with the people who wish to be employed, in forming democratic associations for mutual benefit, to carry on business with those people who are unable, or unwilling, to become co-operators. Again, as in these last-mentioned cases each of the four contributors to the business, viz. the seller, the capitalist, the worker, and the buyer, helps to build up the fund commonly known as profit, each is entitled to

a share of it ; but there can be no harm, either as a matter of principle, or as a matter of practice, in any one of the four contracting to let any of the others have the profit, so long as the contract is made voluntarily, and with full knowledge of what is being done, as well as of what the results of the action will be. I now want to ascertain where the above-named conclusions will lead us.

I have already referred to W. Maxwell's evidence before the Labour Commission, in which he expressed himself as being favourable to municipalities and the nation each producing the goods, or organizing the services, required by the people, without the intervention of what is usually termed private enterprise<sup>1</sup>. Professor Marshall, as a member of the commission, was so impressed by the inevitable conclusion to which the system of co-operation by the consumer logically landed him, that he minutely questioned J. T. W. Mitchell on the point. The following questions by Professor Marshall, and answers by Mr. Mitchell, will explain themselves :

Q. 287. 'Should the co-operative system, on the lines advocated recently by you, Mr. Mitchell, be fully secured, and every Englishman become a co-operator, the result would be simply a new form of management of certain industries by government for the people?'

Ans. 'Every citizen (and I wish that could be brought about to-morrow) would have the power to vote for the Committee of the Wholesale Society.'

Q. 290. 'Then I will put it in this way, that if the co-operative system on the lines on which the English Wholesale is at present working were carried out according to your idea, the result would be the same as if the industries of the country were carried on by persons appointed by the individual citizens through the government, some slight changes in the constitution being made?'

Ans. 'To a large extent it would tend in that direction, and the sooner the better.'

Tom Mann, as a member of the Labour Commission,

<sup>1</sup> See Chapter xxvii. p. 773.

wanted to be certain that he accurately understood the above questions and answers; so he put several questions, which I give below, together with Mr. Mitchell's replies thereto.

Q. 387. 'I presume as you are trying to get control of the production of ordinary commodities on what we may term a democratic basis, your town council undertaking on behalf of the citizens of that town the control of your gas or waterworks, they too through the agency of the council are then controlling the production and distribution to that extent, are they not, of that commodity?'

Ans. 'Yes.'

Q. 388. 'That is to be approved of, is not it?'

Ans. 'Yes.'

Q. 389. 'As thoroughly as your own work?'

Ans. 'Yes.'

Q. 390. 'And if experience should show that there are other directions in which the town councils should enlarge their sphere of operations so that they could do it more effectively than you through your voluntary agency, you would still approve of it, would not you?'

Ans. 'Yes. It would depend upon the circumstances of the case.'

It may therefore, I think, be considered that the conclusion to which the theory of co-operation on the basis of the consumer leads us, is that the nation, being itself the consumer or user, should undertake to perform for itself, as part of the ordinary functions of government, everything that is required to be done, if the thing required is wanted in sufficiently large quantities to justify the formation of an establishment for doing it. By way of illustration, the application of the principle would cause the production of vessels of war, guns, rifles, ammunition, &c., for the use of the nation, to be carried on exclusively in government establishments, except perhaps in times of war, when the government establishments could not produce sufficient for the necessities of the special occasion; and it would then be, probably, inadvisable to lay down additional plant for temporary purposes. It would also ensure that the Post Office should provide its own horses and vans, instead of

contracting, except where the services required were too small to maintain an establishment for the purpose. It would cause the railways to become the property of the state; and the ports and docks either to become the property of the state also, or the property of the county councils, or municipalities, in whose districts they may be situated.

The county councils and municipalities would organize their own services, instead of employing private firms, wherever the work to be done was sufficiently important to warrant them doing so; and, in cases where each had similar wants, which, in themselves, are too small to be supplied by a local establishment, the local authorities should combine in establishing a joint department; or the imperial government should do the work for them. For instance, uniforms for the county and municipal police, would probably not keep a factory in each locality continuously at work; but imperial workshops for the manufacture of army, navy, and postal uniforms, might very well also produce police uniforms, and supply them to the local authorities at the cost of production. Factories for the production of the cloth, &c., required, could also with advantage be established and worked by the imperial government. Printing and paper-making could likewise be undertaken.

•The supply of gas and water is at present almost universally recognized as falling within the range of duties to be undertaken by local government bodies. The ownership of tram-lines is also allowed, but in a more grudging spirit; while the working of the tram-lines by the local authorities is only rarely permitted by law, or by the imperial government. These, being services universally required by the inhabitants, should be undertaken by the several local governments, if the citizens desire them to do so. There are many other services that could be advantageously rendered by county councils and municipalities. I will name one by way of suggestion. Fire brigades are

mainly kept up at the expense of the citizens of each locality. If the local government authorities in each locality were to take into their own hands the insurance of the buildings in their respective districts, the profits which now go to the private Insurance Companies would far more than cover all the expenses of the fire brigades; and would thus relieve the citizens of the cost of their maintenance out of the rates.

What would the people save by this system of co-operation? First, private enterprise demands remuneration on capital at rates varying from 4, 5, to 10 % in Railway Companies, and up to 25 % or more in Insurance Companies. The nation and the local authorities can borrow as much capital as they require, at 3 % per ann. or less. Secondly, economists are never tired of telling us what tremendous salaries are paid by private firms to their superior employés. A large proportion of these amounts are excessive, and are in the nature of monopolies. If the situations were thrown open for competition, the remuneration would go down considerably, and would descend to the amount necessary to secure talent, energy, and trustworthiness. It is generally conceded that public bodies already get such services from their employés at a less price than is paid by private firms; the reason being that there is more competition for them, even although we have not yet got purely democratic government. Thirdly, the better treatment of the rank and file of the people can be secured without expense to the nation, by appropriating part of the above-mentioned savings to paying them better wages than they have received hitherto, or working them less hours than they have been previously worked, by private employers. Fourthly, the equitable treatment of all the citizens is ensured with more certainty, since there is far less chance of favouritism under government, than there is (say) in a Railway Company. It is almost an unheard-of thing to have the Post Office accused of treating one customer better than it treats all: but this is a common

practice of Railway Companies: and the practice has sometimes ruined the individuals who have had to submit to their unjust treatment. The Railway Commissioners would never have been required, if the Railway Companies had administered their affairs with anything like the justice of a government department.

After the nation and the local authorities have co-operated for the performance of all the services that the citizens have deemed it desirable for them to undertake, the voluntary co-operative associations of consumers, both individualistic and federal, come into use to fill up the gaps and vacancies that have been left. And finally, after them, should come the associations of people with capital, and people without capital but willing to work, who should co-operate to supply or exchange services with those people who do not wish to co-operate, or who are in a position, which will occur while society is in a state of transition, where they cannot co-operate. But this imperfect form must be prepared to give way to the more perfect form of co-operation by the consumer, as soon as the people left outside the co-operative ranks are willing to be enrolled in them.

Already, the main lines of these co-operative systems are laid. But, to ensure more rapid progress, the national government requires to be purified of the parasites and hangers-on, whose interests lie in securing contracts for private firms; and the local authorities require to be released from the imperial restraint which prevents them rendering to the citizens the services these citizens may wish their own local bodies to perform for them. If, when they have freedom of choice, they choose to rely upon private enterprise, and so make fortunes for some few individuals at the expense of the public, let them do so: but the freedom to choose for themselves should be accorded to the citizens in each locality, and all autocratic control, whether it be in the imperial or in the local governments, should be abolished. Pure democracy, as being the best means of securing justice, should reign supreme.

As we are some distance yet from this desirable state of things, it behoves co-operators to consider what is the best method of accelerating progress. I think that we ought, as citizens, to actively engage ourselves in the conduct of both the local and imperial governments, with the object of gradually brushing away, as an obsolete piece of machinery, the method of governing the people by means of political partizanship. 'Justice to all,' and not loyalty to a party, should be the maxim, and the cry for 'Bread and Butter Politics' is really the popular rendering of the view that all government should be a system of co-operation for mutual benefit. The same principle, carried to its logical conclusion in our treatment of other nations, will have a tendency to abolish wars, by leading to the practical adoption of Tennyson's dream :—

'The Parliament of Man, the Federation of the World.'





# INDEX

## A.

Aberdeen Corn Mill, 182.  
 Accrington Society, the, Cabinet-making by, 165.  
 Agriculture, Co-operative, at Saxmundham, 81.  
 — population employed in, 1800 and 1801, 20.  
 Airedale Worsted Manufacturing Society, 351.  
 Alcester Needlemakers' Society, 489.  
 — Productive Society, 488.  
 Alford Needlework Association, 397.  
 Allotments, Co-operative:  
     at Cambridge, 647.  
     at Cleator Moor, 647.  
     at Coventry, 83.  
     at Middleton Cheney, 646.  
     at Norwich, 645.  
     at Norwood, 644.  
 Alston Co-operative Coal Co., 514.  
 Alva, Baking Society at, 152.  
 Amalgamated Engineers, in 1851, on Associated Workshops, 133.  
 America, visit to, by the Managers of the two Wholesale Societies' Boot Factories, 243.  
 Annfield Plain Society, grazing land held by the, 656.  
 Architects, refuse estimates from Co-operative Builders, 548.  
 Ardpatrik Co-operative Creamery, 673.  
 Argyll, Duke of, on Co-operative Cotton Factories, 255.  
 Arnold Hosiery Society, 372.

Artisans', Labourers', and General Dwellings Co., 545; Lord Shaftesbury, Hon. President, 546; acquires Shaftesbury Park, *ib.*; retrogression in, 547.  
 Ashworth, Henry, on Co-operation in Haslingden, 272.  
 Aspatria Society's farm, 649.  
 Assington Agricultural Association, 619.  
 — Co-operative farms, 614; poor-rate reduced, 616; rent nearly double what it should be, *ib.*; result of liquidation, 618.  
 Association of All Classes of All Nations, 71.  
 Atherstone Hat Manufacturers' Association, 399.  
 Atlas Iron Works, Southwark, 134.  
 Austin, Robert, a founder of the Bury Co-operative Manufacturing Co., 277.  
 Authors' Publishing Society, 592.  
 Autocratic administration a failure, 744.  
 Ayrshire Coal-mining Society, 514.

## B.

Bacup and Wardle Commercial Co., 252, 253.  
 Bag Manufacturing Supply Association, 691.  
 Bakers' Association (1851), 116.  
*Bakers' News, The*, 593.  
 Baking by Co-operators in England, 157, 158.  
 — in Scotland, 150, 152.

- Baking Society at Alva in 1851, 152.  
 Ballinkeir farm, Scottish Farming Association, 637.  
 Balliol College, Oxford, lets Ufton Hill farm for a Co-operative experiment, 630.  
 Bamford, S., Editor of *The Co-operative News*, 601.  
 Banbury Plush Weavers' Association, 136.  
 Banbury Society, Corn Mill, 183; farming experiment, 664.  
 Barham Downs Corn Mill, 35.  
 Barnsley Society's Corn Mill, 184; farm, 657; price of milk reduced, *ib.*; pleuro-pneumonia in cattle, 658.  
 Barwell Boot Manufacturing Society, 428.  
 Pass Dressers, Limited, 698, 699.  
 Bath Co-operative Cabinet-makers' Society, 723.  
 Batley Clothing Factory of the Co-operative Wholesale Society, 235.  
 — Manufacturing Co., failure of, 234, 348.  
 — Society's farms, 661.  
 — Woollen Cloth Factory of the Co-operative Wholesale Society, 234.  
 Baxenden Industrial Manufacturing Co., 273.  
 Baxter, Rt. Hon. W. E., on Co-operative farming, 634.  
 Bealington Society's farm, 649.  
 Bed-room Suite Manufacturing Society, 703.  
 Begg, Dr., on the Edinburgh Co-operative Builders, 543.  
 Benevolent despotism a failure, 744.  
 Bethnal Green Cabinet Makers, 702.  
 — Silk Weavers, 137.  
 Billiard-table Makers, the Manchester, 723.  
 Bingley Society, accommodation land held by the, 659.  
 Birmingham Corn Mill and Bakery, 127.  
 — Labour Exchange, 95.  
 Birtley Society, accommodation land held by the, 653.  
 Birtwistle, Thomas, on Profit-sharing, 329.  
 Blackfriars Road Labour Exchange, 91.  
 Bleaching Green Cq., Strathaven, 712.  
 Blennerhasset Co-operative 'farm, 619; balloting on Co-operation at, 620.  
 — Parliament, 621; 'Public Good' fund, 622.  
 Bloomsbury Needlewomen's Association, 82.  
 Blyth Union Co-operative Ship-building Co., 716.  
 Bobbin Manufacturing Society, Staveley, 715.  
 Bolton Boot Manufacturing Society, 428.  
 — Commonwealth Society, 730.  
 — Co-operative Society, 5; a mortgagee of Bugle Horn Colliery, 535.  
 Bo'ness Industrial Pottery Manufacturing Society, 714.  
 Bonus in the Co-operative Wholesale Society, 220.  
 — in the Scottish Wholesale Society, 249.  
 Bookbinders' Co-operative Society, 588.  
 Book-keeping, necessity for good, 781.  
 Boot and Shoe Makers' Association of Drury Lane, 81.  
 Boot and Shoemaking departments of Co-operative Societies, 163.  
 Boot and Shoe Works of the Co-operative Wholesale Society, 222.  
 — of the Scottish Wholesale Society, 242.  
 Boot Manufacturing Societies prior to 1880, 401; exclusiveness in some, 410, 413, 433.  
 — Productive Societies and the Wholesale Society, 430, 432.  
 Boothman, Mr., on the Bury Co-operative Manufacturing Co., 276.  
 Borrowman, James, lends Scottish

- Wholesale Society's funds to the Scottish Ironworks Society, 463.
- 'Bounty to Labour' abolished by the Rochdale Manufacturing Society, 262.
- Boycotting, cause of formation of Atherton Hat Society, 399; by Norwich employers, 563; stimulates the Leather Manufacturing Society to start business, 705; cause of formation of Bradford Cabinet-makers' Society, 721.
- Bozeat Industrial Boot and Shoe Manufacturing Society, 415.
- Bradford Co-operative Cabinet-makers' Society, 721.
- Brampton Bryan Co-operative Farming Society, 624.
- Brassey, Hon. T., helps the Bethnal Green Cabinet-makers, 702.
- Brickmaking by the Union Land and Building Co., 553.
- Briggs, Noah, on the losses at Rochdale Corn Mill, 203.
- Son and Co., Limited, 494; a collier's opinion of, 495.
- Brighton Artisans' Society, 562.
- Co-operative Milliners (1832), 83.
- Co-operators in 1828, 77.
- Brighton Co-operator, The*, 76.
- Bristol Co-operative Boot Manufacturing Society, 426.
- Pioneer Boot Manufacturing Society, 425.
- Britannia Fishing Society, North Shields, 719.
- British Association for Promoting Co-operative knowledge, 87.
- British people do not care for perfection in details, 807.
- Broadhurst, H., on the United London and Provincial Building Co., 547.
- Broadley Wood Fustian Co., 279.
- Bromley Builders, Limited, 555.
- Bromsgrove Nail-forgers' Society, 475.
- Nail-makers' Society, 471.
- Broomhill Society, accommodation land held by the, 656.
- Broughton Moor Co-operative Mining Society, 515.
- Brush factory of the Scottish Wholesale Society, 245.
- Brushmaking by the Leeds Society, 165.
- Buchez, Mons., said to be the originator of Profit-sharing, 784.
- Bugle Horn Colliery of the United Coal-mining Society, 533; price and quality of coal at, 1875-7, 536.
- Builders' Association of North London, 116.
- of Pimlico, 115.
- Building Departments of Co-operative Societies, 6.
- of the Co-operative Wholesale Society, 239.
- of the Leeds Society, 165.
- of the Scottish Wholesale Society, 248.
- Business experience, how Co-operators can acquire, 780.
- Burnley Industrial Manufacturing Society, 323.
- Lane Manufacturing Society, 323.
- Self-help Manufacturing Society, 315; result of seven years' working, 318; manager's position at, 320; charges against, 322.
- Burt, Thos., on Co-operative Collieries, 506; on the failure of Monkwood, 512.
- Burton Latimer Boot Productive Society, 414.
- Bury and Elton Commercial Co., 277.
- and Heap Commercial Co., 276.
- Bury Co-operative Manufacturing Co., 276; Robert Austin a founder of, 277.
- Co-operative Society, 99; investments by, in manufacturing companies, 278.
- Redemption Society, 98; on Profit-sharing, 795.
- Bury, Rev. W., Hon. Secretary of Earl Spencer's Co-operative farm, 640.

Bushill, T. W., on Profit-sharing, 791.

Butcher, John, on Machinery in the Boot trade, 435.

Butchery departments of Co-operative Societies, 162.

### C.

Cabinet-makers, Bradford, 721.

Cabinet-makers' Societies :

Bath, 723.

Bradford, 721.

Oldham, 722.

The Productive Co-operative, 702.

Cabinet-making by the Accrington Society, 165.

Cabinet works of the Scottish Wholesale Society, 244; the Tyne Co-operative, 719.

Caithness Pavement Manufacturing Co., 566.

Calder Vale Manufacturing Co., 323.

Calico-printers, the Colinslie, 81.

Callender, W. R., on E. O. Greening and Cobden Mills, 268.

Cambridge Society's farm and allotments, 647.

Campbell, Alex., on the aims of Co-operators, 738.

Capital, exertions made to obtain, for Sun Mill, 285; education in the necessity of acquiring, 748; in Productive Societies, 775; remuneration of in Co-operative Associations, 788; and Labour in the Oldham Cotton Companies, 789.

Capitalists' and Workers' losses in bad times, 791.

Carlisle Society's Corn Mill, 185.

Carlston Farm, Scottish Farming Association, 636.

Carlton Iron Co., 460.

Carlyle, on the Levellers, 33; on industrial injustice, 734; on democracy and heroes, 741; on compulsion, 743.

Carter, R., of Leeds, a promoter of Tipton Green Colliery Co., 519.

Central Board, circular on Production, 166; replies to, 167.

— Co-operative Agency of 1851, 120.

Chain Manufacturing Society, effort to form by the Co-operative Union, 484.

Chancelot Corn Mill, 248.\*

Changes in Co-operative thought and practice, 143.

Chard, D., Founder of the Bromley Builders, 554.

Charlotte Street Labour Exchange, 94.

Chat Moss, Co-operative farm on, 65.

Chesham Boot Productive Society, 407.

Chester-le-Street Society, accommodation land held by the, 653.

Chipping Norton Society's farm, 665.

Christian Socialist, a, on the Manchester Dyers, 80.

Christian Socialists, the, associations started or helped by, 112; expenditure of, *ib.*; mistakes of the, 121; pooling of profits rejected by, 794.

*Christian Socialist, The*, 111; on the principles of Association, 738.

Cigarette-makers' and Tobacco-cutters' Society, 695.

City (London) Working Tailors' Association, 115.

Clapperton, R. H., manager of Scotch Tweed Manufacturing Co., 367.

Cleator Moor Society's Corn Mill, 186; farm and allotments, 647, 650.

Clogging departments of Co-operative Societies, 163.

Clothing trade commenced by Hebden Bridge Fustian Society, 334; by Leeds Woollen Cloth Co., 356.

Coal, rapid reduction in prices, 503.

Coal Famine, the so-called, 501.

- Coal-mining, conference at Manchester on, 532.
- Coal-mining Societies:  
The Co-operative, 506.
- Ayrshire, 514.
- Coal trade, prices and wages in, 1871-3, 501.
- Cobden Mills Cotton Manufacturing Co., 266; profits promoted, 267; work-people give up eight weeks' wages, 270; falsification of accounts at, 271.
- Cocoa Productive Society, the London, 706.
- Works of the Co-operative Wholesale Society, 337.
- Colinslie Co-operative Calico-printers, 81.
- Collier, W. F., on Co-operation in the Fishing industry, 716.
- Colne Vale Corn Mill, 215.
- Combe, Abram, Community experiment, 56; death of, 62.
- Commercial Travellers' Newspaper Society, 592.
- Commonwealth Society, the Bolton, 730.
- Community farm in South Wales, 104.
- Friendly Society, 71.
- near Dublin, 56.
- Concordium Gazette*, 70.
- Conferences of Co-operators, in London (1852), 115; at Manchester, on Coal-mining, 532; at the Irish Exhibition, 672; in London re the Aid Association, 685; on Profit-sharing (1888), 805.
- Congresses of Co-operators, 25, 64.
- Connell, A. K., Hon. Sec. of the Portland Town Boot Society, 419.
- Consett Society, farming operations, 651, 652.
- Consumers, divided into Capitalists and Workers, 760.
- Consumption is the basis of the Baking and Corn Mill Societies, 752; as the basis of Co-operation, 760.
- of the Retail Societies and their productive departments, 754.
- Consumption of the Wholesale Societies, 755.
- Co-operation, statistics of (1891), 1, 20; (1862), 14; at Brighton (1828), 77; in Timber trade at Manchester (1846), 81; amongst the Yorkshire Woollen Manufacturers (1844), 86; in the fisheries, 716; on the basis of consumption, is nearly perfect in its equity, 787; universal, benefits of, 813.
- Co-operative Agriculture at Saxmundham, 81.
- Aid Association, the, 686; guarantees some Boot Productive Societies, 411; work done by, 687.
- associations, remuneration of capital in, 788.
- Bass Dressers, the, 699.
- Bed-room Suite Manufacturing Society, 703.
- Builders, the, 556; manager's position, 561.
- Cabinet-makers' Society, Bradford, 721.
- Coal-mining Society, 506.
- community, a, as a refuge from injustice, 736.
- Congresses, 25, 64.
- consumers should in general be both workers and capitalists, 760.
- Corn Mills, sales of, in 1891, 217.
- Cotton factories in Oldham, 282.
- Creameries in Ireland, 672.
- distributive societies, investments in Cotton Manufacturing companies, 312.
- Dress and Mantle Makers' Society, Walworth, 397.
- Dyers, Salford, 84.
- employés, treatment of, 763.
- farming on Chat Moss, 65; at Consett, 651, 652; at North Seaton, 626; North Western Society, 643.
- Festivals at Crystal Palace, 689.
- House-painting Society, Great Titchfield Street, 565.
- manufacturing, at Bury, 276; in the Whitworth Valley, 278;

- at Rossendale, 280; at Oldham (1874), 293.
- Co-operative Meeting Halls, 5.
- Millstone-makers' Society, 702.
- Needlewomen's Society, Brook-street, 397.
- Newspaper Society, 24, 598; individual sharers in are being eliminated, 601.
- Padlock Society, 430.
- Printing Society, the, 575; railway guides published by, 577; treatment of employes in, 578; attempted amalgamation with Metropolitan Printing Co., 579; agrees to produce *The Co-operative News*, 597; generous conduct towards *Co-operative News*, 600; an example of the tendency to reduce the remuneration of capital, 790.
- Production, a new step in progress, 219; best forms of, 779.
- progress, methods of accelerating, 814.
- publishing at Bishop Auckland, 592.
- representation at Railway Companies' Meetings, 8.
- shareholders' relief committee in the Cotton Famine, 259.
- Societies, rates of dividends in, 3; educational work in, 4; Penny Banks, 6; limited liability granted to (1862), 13, 142; number of in 1829, 78; in 1830 and 1832, 79; in 1891, 1; model rules for, 145; Dressmaking and Millinery departments of, 162; Mantle-making departments, 163; electric light in, 165; labour in, 762, 768; voting-power in, 779.
- store, constitution of, 2; hours of labour in, 7; weekly half-holiday, 7.
- Sundries Manufacturing Society, 708.
- Union, the, 22; Parliamentary Committee of, 24; efforts made on behalf of production by, 484, 684.
- Wholesale Society, formation of, 15; statistics in 1891, 18; circular *re* Profit-sharing, 168; *Annual* on Corn Mills, 170; management of Productive departments, 222; Currying department, 232; and Trades Unions, 236; mortgage on Eccleshill Colliery, 528; Spring Vale Colliery, 530; Bugle-Horn Colliery, 535, 538; losses by collieries and ironworks, 538; Building departments, 540; pays debts of *The Co-operator*, 595; friction with London Productive Cocoa Society, 706; declines to admit Sundries Society, 710.
- Co-operative Wholesale Societies, the, 218.
- Co-operative News*, *The*, on the profit-sharing at Briggs Colliery, 499; commences to do its own printing, 576; started at Manchester, 598; contention between North and South as to place of publication, 598; editing at first gratuitous, 599; J. C. Farn, editor of, *ib.*; Mr. Thos. Hayes' services to, *ib.*; Mr. R. B. Walker first paid editor, *ib.*; generous conduct of Co-operative Printing Society towards, 600; Mr. S. Bamford, editor of, 601; circulation of, 601-604; management of, 601, 603; enlargement of, 602; societies' support of, 603; on production by the Wholesale Society, 710; recommends production through the medium of the Wholesale Society, 756.
- Co-operator*, *The*, 593; subsidized by Co-operators, 594; debts of, paid by Wholesale Society, 596; anti-tobacco and anti-vaccination advocacy by, 596; on the justice of Co-operation, 739.
- Co-operator*, *The Brighton*, 76.
- Co-operators, early, were left legally unprotected, 11; conflict of opinion among, 27; preaching and practice, 30; advice given to in 1862, 145; baking by, 157; have realized the impracticability

- of Communism, 737; must be educated in the benefits of an exchange of services, 747; in 1892 carrying out the precepts of 1828, 760; experimenting by, 768; must supply goods that are in demand, 781; must not be afraid of cost of distribution, 782.
- Cooper, Walter, on the Castle Street Tailors' Association, 112.
- William, on 'Bounty to Labour,' 263; treasurer to a *Co-operator* relief fund, 595.
- Corn Mills converted into Cotton Mills, 37.
- Cotton-buying Co., the, 310.
- companies, excitement caused by rapid formation of, 295; defalcations by employes, 299.
- corner, effect of on Spinning companies, 302.
- factories, list of Co-operative in 1860, 255.
- Famine, the, 258; conduct of Rochdale companies during, 201, 262.
- manufacturing companies, profits of, 1877-81, 297.
- spinners, lock-out of, 770.
- County Councils, should do for their districts all that the residents may require, 812.
- Coventry Labourers' and Artisans' Friendly Society, 83.
- Watch-Jewel Makers' Society, 730.
- Watch Manufacturing Society, 725.
- \*Crabtree, Jas., first manager of Heckmondwike Manufacturing Co., 349.
- Cradley Heath Chain Manufacturing Society, 484.
- Craig, E. T., at Kalahine, 66.
- Creameries in Ireland, Co-operative, 672.
- Crofton Corn Mill, 213.
- Crossley D., on aim of Co-operation, 737, 738.
- Crumpsall Biscuit Works of the
- Co-operative Wholesale Society, 221.
  - Crystal Palace Co-operative Festivals, 689.
  - Currying department of the Co-operative Wholesale Society, 232.
- D.
- Dalgetty, Sergeant, on the Calder Vale and Whittlesford Societies, 323.
- Dalton-in-Furness Society, 165.
- Dartmouth, Lord, and the Murley Quarry Society, 568.
- Darwen Industrial Co-operative Society, Weaving Shed, 313; invests in the Darwen Mining Co., 503; takes over the Whitebirk Colliery, 505; surplus capital at, 605; members of, visit Oldham, 606.
- Mining Co., 503.
- Paper Co., 605; Directors' fees, 607.
- Day, H. A., of Toynbee Hall, assists the Mantle-makers' Association, 399.
- Deans, James, on the success of the Scottish Farming Association, 640; on Labour in the Co-operative Movement, 762.
- Decorative Co-operators' Association, 563.
- Delph and District Co-operative Woollen Manufacturing Society, 369.
- Democratic association, is the method adopted by Co-operators to carry out their ideas, 741; necessity for education in the benefits of, 753.
- organization the best method of securing justice, 809.
- Dent, J. J., on the small profits of the Co-operative Builders, 560.
- Denton Co-operative Hatters, 81.
- Derbyshire and Nottinghamshire Co-operative Mining Society, 526.
- (North) and South Yorkshire Miners' Association purchase Shirland Colliery, 523.
- Derby Society, accommodation land held by the, 662.



- Derwent Flour Mill Society, 214; farms, 652.
- Desborough Boot Manufacturing Society, 429; farm cut up into allotments, 661.
- Devonport Union Corn Mill, 38.
- Dewsbury Society, accommodation land held by the, 659.
- Disraeli, Benjamin, on Truck-shops, 11.
- Dividends, rates of, in Co-operative Societies, 3.
- Division of Labour, necessity for education in the benefits of, 747.
- Dress and Mantle Makers' Society, Walworth, 397.
- Dressmaking departments of Co-operative Societies, 162.
- Drinkfield Iron Co., 458.
- Drummond, C. J., on the strike at the Metropolitan Printing Co., 580.
- Dudley Bucket and Fender Manufacturing Society, 476.
- Industrial Nail Manufacturing Society, 472.
- Dumbarton Shipbuilding Society, 461.
- Dunfermline Co-operative Society's farm, 648.
- Linen Manufacturing Society, 385.
- Dunston Corn Mill, 237.
- Durham Soap Works, 233.
- E.
- Eafis Barton Boot Productive Society, 402.
- Co-operative Society's farm, 662.
- Easingwold Corn Mill, 176.
- East End Iron-workers' Association, 135.
- East Metropolitan Japanned Household Manufacturing Society, 128.
- Eccles Industrial Manufacturing Society, change from hand-loom to power-loom, at, 329; an example of changes in the ownership of capital, 775.
- Eccleshill Coal Co., 527; experts disagree as to, 529.
- Economist, The*, on Co-operative Cotton Manufacturing Companies, 281, 301.
- Edinburgh Co-operative Building Co., 540; nine hours' movement, 541; W. Stewart on, 544.
- Co-operative Printing Co., 582.
- Edinburgh Review, The*, on the Castle Street Tailors' Association, 114.
- Edmonton Printing and Publishing Co., 592.
- Education, grants for, illegal before 1862, 13; essential for Co-operators, 746.
- Egremont Society's farm, 653.
- Electric light in Co-operative Societies, 165.
- Elliott, J., on the Barnsley Society's farm, 658.
- Employés, condition of Co-operative, 21; at the United Baking Society, 157; treatment of in the Co-operative Printing Society, 578; justice in treatment of, 763; as members and officers of Co-operative Societies, 168, 778; Bonus Investment Society at the Scottish Wholesale Society, 250.
- Enderby Boot Productive Society, 428.
- 'Equitable Bank of Exchange,' 89.
- Evans, George, on the relative values of Co-operative and private trade, 417; on the efforts to federate the Boot Productive Societies, 431.
- Excelsior Co-operative Ironworks Co., 460.
- Exeter community, 63.
- F.
- Factory Inspectors in 1888 on Co-operative Manufacturing Societies, 328.
- system, in 1832, evils of, 46; adoption by Boot trade of the, 434.
- Farn, J. C., on Co-operation in Bacup, 253; Editor of *The Co-operative News*, 599.

- Fashion, influence of, on the Gilding trade, 680.
- Faversham Society's farming experiment, 666.
- Fawcett, Professor, on the Briggs' Profit-sharing scheme, 496.
- Federalism v. Individualism, opinions expressed by the Halifax Conference on (1872), 358; gradually replacing individualism in Flour Milling Societies, 753; in Scotland has labour representation grafted on it, 753, 754.
- Federation, attempt at, by the Banbury Co-operators, 183; refused by the Carlisle Co-operators, 185; attempted by Boot Productive Societies, 431.
- Insurance Co., 311.
- Finedon Boot Productive Society, 408; treachery of Manager and Secretary, 409.
- Fires, at Leeds Corn Mill, 180; at Cleator Moor Corn Mill, 187; at Halifax Corn Mill, 197; at Oldham, Star, Corn Mill, 211; at Cobden Mills, 271; at Idle Commercial Company's Mill, 345; at Heckmondwike Manufacturing Company's Mill, 349; at Wolverhampton Locksmiths' Works, 441.
- Fisheries, Co-operation in the, 716, 717.
- Fishing Society, Pioneer, (North Shields), 717; Britannia (North Shields), 719.
- Fixed remuneration to Capitalists and Workers. Is it equitable? 760.
- Foggers at Cradley Heath, 483.
- Fourth party has a claim to share in profits, 805.
- Foxwell, D. P., on the condition of shoemakers in Northamptonshire, 401; visits the Wolverhampton Locksmiths, 439.
- Framemakers' and Gilders' Association, 676.
- Gilders' and Decorators' Association, 682.
- Freak, Charles, 430.
- Fustian Manufacturing Companies, 280.
- G.
- Garden Lane Universal Family Society, Salford, 85.
- Garforth Corn Mill, 174.
- Gas-making by Seaton Delaval Society, 165.
- Gateshead Corn Mill, 182.
- Gilding trade, influence of fashion on, 680.
- Girling<sup>ne</sup>, Mrs., Community, 625.
- Glasgow Co-operative Cooperage Co., 712.
- Glassmakers' Productive Society, 704.
- Gloucester Society's Farm, 671.
- Gorton Sundries Manufacturing Society, 708.
- Governments imperial and local should do everything the citizens require, 811.
- Gray, J. C., on membership in Boot Productive Societies, 433; on the Bolton Commonwealth Society, 730.
- John, opinion of, on Orbiston, 61.
- Gray's Inn Road Labour Exchange, 88.
- Greenfield Society, accommodation land held by, 659.
- Greening and Co., Limited, 444.
- Greening, E. O., on failures of Productive Societies, 147; promoter of Cobden Mills Co., 266; promotion money paid to, *ib.*; on the work of the Leicester Boot Productive Society, 424; hammer story illustrating his views on Profit-sharing, 445; address to the South Buckley Coal Company's workmen, 500; Agricultural Association; and the Metropolitan Printing Co., 579; Profit-sharing practice explained by himself, 792.
- Greenwood, Abraham, on Rochdale Co-operation, 144; on Profit-sharing at Rochdale, 261; on the fundamental principles of Co-operation, 740.

- Greenwood Joseph, evidence before the Labour Commission, 21, 337; on the highest form of Co-operation, 772.
- Grimsby (Great), Corn Mill, 174.
- Guisborough Corn Mill, 174.
- Society, accommodation land held by, 653.
- Gurdon, John, experiment at Asington, 614.
- H.
- Halifax Congress recommends union to the Co-operative Coal Societies, 513.
- Co-operators, their opinions of Labour Exchanges, 95; visit the Hull Corn Mill, 192.
- Corn Mill, 192; embezzlement at, 198.
- Flour Society convert Spinning Mill into Corn Mill, 193.
- Society, agents of, 193; a shareholder in the Leeds and Morley Coal Society, 519; farm, 657.
- Hall, J., 652.
- Halmerend Colliery acquired by the West Yorkshire and North Staffordshire miners, 526.
- Hamilton of Dalzell offers to let land for testing Owen's plan, 54.
- Hardern, F., evidence of, before the Labour Commission, 6, 21; on Co-operation in Oldham, 309.
- Harleston Co-operative Farming Association, 640.
- Harle Syke Commercial Co., 254.
- Harsh treatment of Co-operators during the Cotton Famine, 258.
- Hart, Miss M. H., foundress of the Decorative Co-operators' Association, 563.
- Hartley, John, helps the Hebden Bridge Fustian Cutters, 333.
- Harwich Society's Farm, 666.
- Haslingden Commercial Co., 272; Hargreaves-street Manufacturing Co., *ib.*; Laneside Industrial, *ib.*
- Hassall, W., 388.
- Hathern Hosiery Society, 372.
- Hatters' Association, Denton, 81.
- Hatton Garden Co-operative Bazaar or Labour Exchange, 87.
- Hawick Hosiery Society, 371.
- Hawkins, George, on the strike at the Metropolitan Printing Co., 581.
- Hayes, Thomas, 599.
- Heath, George, of Middleton Cheney Land and Industrial Building Society, 646.
- Hebden Bridge Corn Mill, 207.
- Fustian Manufacturing Society, 332; commences clothing trade, 334; Dyeing and Finishing departments, 335; an example of the change from one form of organization to another, 774; and of the tendency to reduce the remuneration to capital, 790.
- Heckford, Mrs., Shirtmaking Association, 395.
- Heckmondwike Boot Works, 230.
- Co-operative Manufacturing Society, 347.
- Manufacturing Co., 348.
- Herald of Co-operation, The*, 101.
- of *Redemption, The*, 101.
- Herbert, Auberon, helps the Girling Community, 626.
- Higham Ferrars Boot Productive Society, 429.
- Higher Mill Cotton Manufacturing Co., 281.
- Hill, M. D., on the Co-operative principle, 146.
- Hill, Mr., on the Pendleton Society's farm, 659.
- Hinckley Boot Productive Society, 427.
- Hosiery Manufacturing Society, 373.
- Hines, Geo., on the moral effect of Co-operation at Asington, 616; on the Long Melford Mat-makers, 693, 694.
- Hirst, Mr., of Huddersfield, on Co-operative production in 1832, 80.
- Hoare, Mr., Factory inspector, on Nailers' wages, 473.
- Hodgson's community experiment, 70.
- Hole, James, Editor of *The Herald of Redemption*, 101.

Holloway's, Mr., Co-operative farm, 644.

Holmes, James, 379.

Holmes, John, on 'Bounty to Labour,' 263; on coal prices and colliers' wages, 501; on the purchase of Shirland Colliery, 523, 524.

Holyoake, G. J., on Profit-sharing, 792.

Home Colonies in 1689, proposal for, 40; modern proposals for, *ib.*

Horton (Great), Society, accommodation land held by, 659.

Hours of Labour in Co-operative stores, 7; in Cotton factories in 1870 and 1890, 307.

Househill farms taken by the Scottish Farming Association, 639.

Household Furnishing Co., 719.

House-painters' Society, Co-operative, 565.

Howitt, W., on the Paisley Calico-printers, 81.

Howley Park Co-operative and Building Society, 567; distress among work-people relieved by, 569.

Huddersfield district Corn Mill, 213.

Hughes, Thos., on the Castle Street Tailors' Association, 114; on the Ironworkers' Associations, 135; on the Briggs' Profit-sharing scheme, 496; originator of the London Co-operative Builders' Association, 549; of the Working Gilders' Association, 676; on the Wholesale Society's policy *re* Production, 710; on the identity of the conclusions arrived at by the Christians and the Owenite Socialists, 740; objects to the Wholesale Society controlling the Co-operative market and entering into production, 757.

Hull Anti-Mill Society, 170; prosecution by millers, 172.

— Subscription Mill, 175.

— United Mill, 174.

Hyde, Robert, on the Working Bookbinders' Society, 589.

## 1.

Idle Commercial Co-operative Society, 345.

Individualism, v. Federalism, opinions expressed at the Halifax Congress, 358; E. V. Neale probably the originator of the term, 738; in Flour Mill Societies is being gradually supplanted by Federalism, 753.

Industrial Bank supports the Ouseburn Co., 451.

— Building Co. of Liverpool, 548.

— Societies Act of 1852, 125; of 1862, 142.

— and Provident Societies Act of 1876, 14.

Institution of the Industrious Classes, the, 88.

International Stick Manufacturers, 701.

Ipswich Society's farm, swine fever on, 667.

Irish Co-operative Aid Association, 672.

— section of the Co-operative Union created, 672.

Irthlingborough Boot Productive Society, 414.

Irvine, shipbuilding yard at, 462.

Isle of Man Fisheries, Co-operation in the, 717.

## J.

Jam factory of the Co-operative Wholesale Society, 221; of the Scottish Wholesale Society, 347.

Jersey community, 64.

Jevons, Professor, on the Padiham Cotton Mill, 139.

Johnson, David, on the management of the Radbourne and Upton Hill Farms, 627, 631.

Jones, Ben, visits some Irish Creameries, 673.

Jones, Lloyd, and J. M. Ludlow, on the early Co-operators, 9; on Queenwood, 71; Editor of a Miners' paper, 592; on the true meaning of the Co-operative movement, 740.

Jones, Thomas, on the Wolverhampton Locksmiths, 437, 439.

*Journal of Association*, 111.

Justice, the animating influence in Co-operative efforts, 733; necessity for education in the benefits of, 747; of the claims of four parties to share profits, 806.

## K.

Keighley Ironworks Society, 466.  
— Society, accommodation land held by the, 659.  
Kent Co-operative Brickmaking Society, 570.  
Kettering Boot Productive Society, 417.  
Killon, T., on the social status of shareholders in the Bury Manufacturing Companies, 278.  
Kincaid, Sir John, on Co-operative Cotton Factories, 256.  
King, Bolton, on the Radbourne and Upton Hill Farms, 629, 634; supports the Bag Manufacturing Supply Association, 692.  
Kirkburton Society, accommodation land held by the, 659.  
Knights of Labour Sheet-iron-workers' Society, 489.

## L.

Labour Association, the, 689.  
— Commission, W. Maxwell's evidence before, 21; evidence of Co-operators before the, 337.  
— notes, as money, 89, 92; representation grafted on to Federalism in Scotland, 753, 754; in federal institutions, 763.  
*Labour Press*, *The*, 592.  
Lancashire and Yorkshire Conference Association, 14, 22.  
— Conferences discuss the politics of the proposed Co-operative newspaper, 596.  
— Productive Society, 358; success of under a liquidator, 362.  
*Lancashire and Yorkshire Co-operator*, *The*, on the Aim of Co-operation, 737.  
*Lancashire Evening Post*, *The*, on the Burnley Lane Society, 325.  
Lancaster Society's farm, 660.

Laneside Industrial Co. (Haslingden), 272.  
Law relating to Co-operation, amendments in the, 12.  
Lawson's *Ten Years of Gentleman Farming*, 619.  
Lee, Rev. T. G., on the Whit Lane factory, 138.  
Leeds and Yorkshire Co-operative Coal-mining Co., 516.  
— Clothing factory, 235.  
— Conference of 1874 recommends federation of the Coal Societies, 513.  
— Co-operative Society, 1; brush-making by, 165; agents of, 178.  
— Co-operators, advice to the Austrians, 143; on Profit-sharing, 181; supplied with flour by Halifax Flour Society, 196.  
— Corn Mill, 177; flood at, 180.  
— Industrial Society's Building department, 540; Farm, 661.  
— Society, the, principal supporter of the Leeds Woollen Cloth Co., 356; of the Tipton Green Colliery Co., 520, 522.  
— Woollen Cloth Co., 355.  
— Redemption Society, the, 101.  
Leeds, Morley and District Co-operative Coal Society, 518; profits from building land, 519.  
*Leeds Express* on coal prices and colliers' wages, 501.  
*Leeds Redemptionist* on Co-operation as a remedy for injustice, 737.  
Leek Silk Twist Manufacturing Society, 388.  
Legal disabilities of Co-operative Societies, 123.  
Leicester Boot Manufacturing Society, 421.  
— Boot works, 222.  
— Co-operative Hosiery Society of 1867 and 1876, 374.  
— Co-operative Manufacturing Society, 381.  
— Corn Mill, 187.  
— Elastic Web Manufacturing Society, 382.  
— St. Crispin Boot Operatives' Productive Society, 430.

- Leigh Corn Mill, 189.  
 — Society, falsification of accounts at, 189, 313; weaving shed, 313; abandonment of weaving, 315.  
 Leno, J. B., on the Working Printers' and Working Shoemakers' Associations, 122.  
 Levellers, the, 33.  
 Levies on working shareholders to meet losses, legality of, 328.  
 Lincoln Corn Mill, 190.  
 — Society's farm, 662. •  
 Liverpool, Windsor Ironworks, 133.  
 Lockmaking by Co-operators for the Post Office, 490.  
 Lock-outs and strikes in the Cotton-spinning industry, 297, 300, 306, 770.  
 Lofthouse Colliery Co., 517.  
 London :  
 — Bloomsbury Needlewomen's Association, 82.  
 — Boot Workers' Productive Society, 429.  
 — Branch of the Co-operative Printing Society, 576.  
 — Brook Street Needlewomen's Association, 397.  
 — Builders, Tower Hamlets, 561.  
 — Company of Builders, 549.  
 — Congress, Delegates to the, visit Shaftesbury Park, 546.  
 — Co-operative Printing and Stationery Co., 578.  
 — Gray's Inn Road Labour Exchange, 88.  
 — Hatton Garden Co-operative Bazaar or Labour Exchange, 87.  
 — Industrial Partnership of Clothiers, 392.  
 — Leather Manufacturing Society, 704.  
 — Margaret Street Labour Exchange, 95.  
 — New Road Labour Exchange, 88.  
 — (North), Working Builders' Association, 116.  
 — Pianoforte-makers' Association, 116. •  
 — Pimlico Builders' Association, 115.  
 — Portland Road Labour Exchange, 88.  
 London (*continued*) :  
 — Portmanteau, &c., Productive Society, 693.  
 — Printers' Association, 116.  
 — Productive Society (Cocoa), 706.  
 — Shoemakers' Association, Tottenham Court Road, 117.  
 — Smiths' Association, 116.  
 — Stick Manufacturers, 701.  
 — Walden Street Workwomen's Co-operative Association, 397.  
 — Whitechapel Mantle-makers' Society, 398.  
 Long Eaton Society's farm, 662.  
 Long Melford Mat Manufacturing Society, 693.  
 Longfield, E., first editor of *The Co-operator*, 593.  
 Lord, John, on failures of Cotton Manufacturing Companies, 281.  
 Losses, at Ouseburn, causes of the, 450; of the Scottish Wholesale Society through the Scottish Ironworks Co., 463; of the Wholesale Society, through Colliery and Iron Companies, 538; through Paper Companies, 612.  
 Loughborough Hosiery Society, 372.  
 Lovett, Wm., on Co-operative Societies, 79; on Labour exchanges, 87; on the disposal of profits by Societies existing about 1830, 795.  
 Lowther, E., on the Monkwood shareholders, 512; on Walter Morrison's generosity, *ib.*  
 Ludlow, J. M., and Lloyd Jones, on the early Co-operators, 9; visits, in 1852, the Northern Co-operators, 84; founder of the Society for promoting Working Men's Associations, 110; on the Manchester Tailors' and Manchester Hatters' Associations, 129; on the Whit Lane factory, 138; on the Padiham Cotton Mill, 139; on the Bacup Cotton Mill, 252; claims for the workers all the profits they make, 792.  
 Lurgan Damask and Linen Manu-

- facturing Society, 382; wages and prices at, 383; misplaced sympathy of Co-operators with, 384.
- Lye Distributive Society and nail-making, 471; accommodation land held by the, 661.
- M.
- Macclesfield Distributive Society, 391.
- Silk Manufacturing Society, 390.
- Machinery, advantages of having the best, 781; influence of, on the Dunfermline Manufacturing Society, 386; on the Leicester Hosiery Society, 378; in the boot trade, 434.
- M'Innes, D., on the Lincoln Society's farm, 662.
- Malting by Rochdale Co-operators, 170.
- Manchester, Co-operators' opinions of Labour Exchanges, 95; conference on Co-operative Coal Mining at, 532; branch of Artisans' Dwelling Co., 546; congress at (1871), resolves to establish a newspaper, 597.
- Billiard-table Makers, 723.
- Tailors' Society, 393.
- Wheelwrights', &c., Society, 723.
- Co-operative Spinning and Manufacturing Co., 265.
- Dyers' Co-operative Association, 80.
- Equitable Society, starts *The Co-operator*, 593; farm produce consumed by, 643; farm, 659.
- and Salford Co-operative Building Co., 549.
- Manchester Examiner, The*, on results of the Cotton Company's 'mania,' 296; on the management of the Oldham Cotton Companies, *ib.*
- Mann, Tom, 810.
- Mansfield Corn Mill, 190.
- Hosiery Society, 372.
- Mantle factory of the Scottish Wholesale Society, 241.
- Mantle-makers' Society, White-chapel, 398.
- making departments of Co-operative Societies, 163.
- Marcroft, W., lays foundation stone of Royton Cotton Mill, 292; on Oldham Co-operation, 605; opens Darwen Paper Mill, 607; on Private v. Company enterprise, 772.
- Margaret Street, London, Labour exchange, 95.
- Marron Bank Paper Mill Co., 611.
- Marshall, Prof. A., on Co-operation, 33; questions J. T. W. Mitchell at the Labour Commission, 810; definition of Profit, 783.
- Maudsley, James, on Profit-sharing, 310.
- Maxwell, W., evidence before the Labour Commission, 21; on the 'kernel' of Co-operation, 741; on the ideal form of production, 773; on the details of Profit-sharing, 807.
- Mazzini, J., a member of Leeds Redemption Society, 103.
- Metropolitan Printing Co., 579; Geo. Hawkins on the strike at, 581.
- Middlesborough Society, accommodation land held by the, 653.
- Middleton Cheney, Industrial Land and Building Society, 646.
- Society, accommodation land held by the, 659.
- Midland Federal Corn Mill, 187, 188.
- Nailmakers' Association, 473.
- Productive Tin-plate Workers' Society, 486.
- Milk purchases by three Manchester Societies, 643.
- price of, reduced by action of Barnsley co-operators, 657.
- retailing by Scottish Farming Association, 638.
- Mill, J. S., forecast of Co-operative progress, 22; on unfair competition in the Lock trade, 438; on the results of our Social system, 735.

- Miller, A., on the Scottish Iron-works investment, 242.  
 Millers' customs in 1799, 36.  
 Millgate and Facit Manufacturing Co., 278.  
 Millinery departments of Co-operative Societies, 162.  
 Millstone Makers' Society, 702.  
 Milnfow Society's Cotton factory, 312.  
 Miners' Demonstration of 1872 and Co-operation, 506.  
 Minet, W., founder of the Co-operative Builders, 556.  
 Mirfield Society, accommodation land held by the, 659.  
 Mitchell, J. T. W., evidence of, before the Labour Commission, 5, 20, 810.  
 Monkwood Colliery purchased by Co-operative Mining Society, 509; Robert Stapleton's description of colliers at, 510.  
 Monopolies, education in the right use of, 750.  
*Monthly Records* produced by the Co-operative Newspaper Society, 604.  
 Morley Co-operative Quarry and Building Society, 567.  
*Morning Chronicle* on sweating in 1849, 110.  
 Morrison, W., misled by Dr. Rutherford, 511; sustains serious losses through Monkwood Colliery, *ib.*; breaks his connexion with Co-operation, 512; on Brampton Bryan Co-operative farm, 625, 632.  
 Moss Side Manufacturing Co., 279.  
 Mullin, Wm., on Profit-sharing, 310.  
 Mundella, Rt. Hon. A., an hon. director of Shirland Colliery, 523.  
 Mutual Printing Society, 572.  
 N.  
 Nantwich Boot Productive Society, 427.  
 Nash, C. F., 394.  
 National Co-operative Builders' and Contractors' Society, 550.  
 National Co-operative Union Boot and Shoe Operatives promote the Leicester (St. Crispin) Productive Society, 430; on Machinery and the Factory system, 434.  
 Naworth Colliery Co-operative Society, accommodation land held by the, 653.  
 Neale, E. V., on Profit-sharing in the Christian Socialist Associations, 119, 784, 795; helps the Atlas Ironworks, 134; the East End Ironworks, 135; on causes of failure of Wolverhampton Locksmiths' Society, 442; the Bugle Horn Colliery, 537; what he understood by Co-operation, 738; advocacy (with Greening) of separate productive societies supported with capital and trade by the Wholesale Society, 758; for separating the Wholesale, opinions on the scheme, *ib.*  
 Needle-making, profits from, 488.  
 Needlewomen's Association of Bloomsbury, 82.  
 — Co-operative Association, 396.  
 — Society of Brook-street, 397.  
 Nelson Manufacturing Society, 323.  
 Nepean, Mr., on the quality of Co-operative-made boots, 406.  
 Netherdale Corn Mill, 181.  
 Newbottle Society's farm, 654.  
 Newcastle branch of Co-operative Printing Society, 575.  
 — Society's farm, 654.  
*Newcastle Chronicle* on exorbitant prices in the coal trade, 502.  
 Newchurch Manufacturing Co., 280.  
 Newell, Mr., on causes of failure of the first Leicester Hosiery Society, 378.  
 New Lanark, an example of the precarious life of the good works of despotism, 742.  
 New Road Labour Exchange, 88.  
 Newspaper Society, the Co-operative, 24, 598.  
 Newton Heath Co-operative Manufacturing Society, 386.  
 Newton, Robert, connexion with the Working Gilders' Associa-



- tion, 675 ; subscription on behalf of, 682.
- Nine hours' movement in the Edinburgh building trades, 541.
- Northallerton Corn Mill, 176.
- Northampton Boot Productive Society, 416.
- Northamptonshire Boot Productive Society, 402.
- North Derbyshire and South Yorkshire Miners' Association purchase Shirland Colliery, 523.
- North London Working Builders' Association, 116.
- North Moor Foundry Co., 466.
- North of England Co-operative Printing Society, 573.
- Industrial Coal and Iron Co., 459.
- North Seaton Co-operative Farming Society, 626.
- North Shields, Britannia Fishing Society, 719.
- Pioneer Fishing Society, 717.
- Northumberland Miners' Association discuss Co-operative collieries, 506.
- North-Western Co-operative Farming Society, 643.
- Norwich Boot Manufacturing Society, 420.
- Industrial Builders, 563.
- Redemption Society, 96.
- Norwood Gardeners, defalcation by secretary of, 645.
- Nottingham Corn Mill, 182.
- Hosiery Society, 372.
- Nuttall, W., on the failures of Productive Societies, 126, 147 ; on Co-operative Corn Mills, 170 ; and Cobden Mills, 269 ; claims 'the franchise' for Co-operators, 272 ; on Profit-sharing at Sun Mill, 290 ; services to *The Co-operative News*, 599.
- O.
- Oak Mill Co., Tillicoultry, 354 ; proposed amalgamation with Paisley Manufacturing Society, 355 ; effect of failure on production in Scotland, *ib.*
- Oak Mount Manufacturing Society, Burnley, 323.
- Officers of Co-operative Societies, who are also employes, 778 ; qualifications of, 780.
- Oldham Co-operators visit Rochdale Co-operative Cotton Mill, 283.
- Companies, status of shareholders in, 294 ; average profits for eight years, 299 ; profits and losses of in 1892, 306 ; operatives as shareholders in, 769 ; and Productive Societies, difference between, 771.
- Co-operative Cabinet-makers' Society, 722.
- Co-operative Ironworks Co., 464.
- Co-operative Societies' Building departments, 6.
- Cotton Companies, capital and labour in the, 789.
- Cotton factories in, 282.
- Cotton Mills, Co-operative, 295 ; 298, 303 ; character of, 309.
- Spinning at, in 1871, 292.
- Star Corn Mill, 208.
- Operatives in one mill are often shareholders in another, 308.
- Orbiston community, 56 ; wages and prices at, 59 ; life at, 61.
- Ouseburn Co-operative Engine Works Co., 446 ; investments by Co-operative Societies in, 446 ; engines made at, 449 ; deposit system at the, 449, 452 ; causes of the losses at, 450 ; workmen defend their conduct, 455.
- Owen, Robert, his plan for relieving distress, 48 ; at Queenwood, 71 ; New Lanark Experiment, 742.
- Oxford House - repairing and Decorating Society, 565.
- P.
- Padiham Commercial Mill Co., 139.
- Paisley Co-operative Manufacturing Society, 339 ; and Scottish Wholesale Society, friction be-

- between, 342; proposed amalgamation with Oak Mill, 355.
- Pare, Wm., visits Ralahine, 65; on the aim of Co-operators, 730; recommends production by the Wholesale Society, 756; questions the justice of Briggs' Profit-sharing scheme, 792.
- Paterson, Mrs., 586.
- Paul, Rev. C. Kegan, and the Banbury Plush Weavers, 137.
- Pendleton Society, bakery, 159; farm, 659.
- Penny banks in Co-operative Societies, 6.
- Pianoforte-makers' Association, London, 116.
- Pigs, profitableness of porking, 641.
- Pimlico Builders' Association, 115.
- Pioneer Fishing Society, North Shields, 717.
- Pitman, Henry, editor and proprietor of *The Co-operator*, 594; debts paid by the Wholesale Society, 596.
- Plymouth Society's farm, 671.
- Poor-rate reduced at Assington through Co-operation, 616.
- Portland Road Labour Exchange, 88.
- Town Mutual Profit-sharing Society, 419.
- Positivism, why it is not adopted by Co-operators, 741.
- Pratt, Hodgson, his generosity, 579.
- Preston Guardian* on Co-operation, 294.
- Printers' Association, London, 116.
- Printing, Co-operative Societies of Manchester, Newcastle, and London, 573.
- departments of the Wholesale Society, 576; of the Co-operative Newspaper Society, 576, 603; of the Scottish Wholesale Society, 585.
- Edinburgh Co-operative Co., 582.
- Society, Co-operative works erected by the Union Land and Building Co., 575.
- Private firms, Co-operative origin of some, 255.
- Produce, equitable division of, more important than Profit-sharing, 784.
- Production, changes in methods of, 41; at the 1832 Congress, 80; circular on, issued by the Central Co-operative Board, 166; per spindle of cotton yarn, 1866 and 1887, 307; by the Wholesale Society not contemplated by its founders, 755; acknowledged as a settled principle, 760; by Co-operators for the supply of non-co-operators, 767; the best forms of Co-operative, 779.
- Productive organizations have been shaped from experience, 773.
- Co-operative Cabinet-makers' Society, 702.
- Societies existing in 1862, 20; in 1891, statistics of, *ib.*; registered before limited liability was granted, 126; registered between 1880 and 1891, 148; difference between Oldham Companies and, 771; cited as examples of the highest type, 775; the public as shareholders in, 777; in 1874, methods of dividing profits, 801.
- Profit, definition of the term, 783; methods of dividing, 801, 805; seller's claim to share in, 805; claims of four parties to a share in, 806; commutation of claims on, 807.
- Profit-sharing in the Christian Socialist Associations, 118; in Co-operative Bakeries, 152; in Co-operative Societies, 166, 168; circular on, issued by the Wholesale Society, 168; replies to, *ib.*; Leeds Co-operators on, 181; *Quarterly Review* on, 264; James Maudsley and William Mullin on, 310; alleged to be a substitute for wages, 499; in Flour and Bread Societies formed at beginning of nineteenth century, 752; in the Oldham Cotton Mills, 768; Lord Wallscourt's practice, 784; equitable division of wealth

more important than, *ib.*; hostility of Trades Unions to, 785; South Metropolitan Gas Co. and, *ib.*; Thames Ironworks Company and, *ib.*; has not prevented strikes, 786; Sedley Taylor on, 791; asserted to be 'one of the worst forms' of competition, 792; danger arising from certain schemes, 794; examples of, and opinions on, *ib.*; methods are exceedingly varied, 805; conferences on, *ib.*; W. Maxwell on the details of, 807.  
 'Public Good' fund at Blennerhasset, 622.  
 Pudsey Redemption Society, 97.

## Q.

Qualifications of officers in Productive Societies, 780.  
*Quarterly Review* (1863), on Profit-sharing, 264.  
 Queenwood community, 71; life at, 73.

## R.

Radbourne Manor Farming Association, 627; wages at, 629.  
 Ralahine, Co-operation at, 65; wages at, 67; harvest-home at, 69.  
 Raunds Boot Productive Society, 411.  
 — St. Crispin, Productive Society, 413.  
 Rawlinson, J., on the Bury Commercial Co., 276; on the Whittlesfield Society, 324; on Co-operative Manufacturing Societies, 328.  
 Rawtenstall Cotton Manufacturing Co., 281.  
 — Society a mortgagee of Eccleshill Colliery, 528.  
 Redemption Societies, penny a week subscription in, 96, 98.  
 Redemptionist, a Leeds, on the 'Philosophy of Co-operation,' 145.  
 Redgrave, A., on Co-operative Cotton Factories, 256.  
 Redman, John, on the Burnley

Self-help Society, 317; on the Calder Vale and Whittlesfield Societies, 324.  
 Reid, H. G., on the Edinburgh Co-operative Builders, 540.  
 Richardson, J. H., opposes the Leeds Society's investment in Tipton Green Colliery, 520, 522.  
 Ringstead Boot Productive Society, 429.  
 Ripley Society's farm, 663.  
 Ripon Corn Mill, 175.  
 Rochdale, growth of Co-operation in, 144.  
 — Co-operative Manufacturing Society, 260; Secretary's description of, 261; 'Bounty to Labour' abolished by, 262.  
 — Corn Mill, 199, 201.  
 — Cotton Mills, 298.  
 — Paper Manufacturing Co., 609; 'surplus capital' investments by, 610.  
 — Pioneers, educational department, 4; original objects of the, 8; societies older than, 9; Tobacco factory, 165.  
 Rossendale Cotton-spinning and Manufacturing Co., 281.  
 — Industrial Co., 281.  
 Rothwell Boot Productive Society, 429.  
 Royton Spinning Co., 291.  
 Ruddington Hosiery Society, 372.  
 Rushden Boot Productive Society, 414.  
 — 'The Victoria,' 415.  
 Rutherford, Rev. Dr., managing director of Ouseburn Engine Works, 446; on himself, 450, 454; on the Ouseburn workmen, 454, a partner in Wright, Wass, and Co., 456; the Industrial Bank, and the Metropolitan Printing Co., 580.

## S.

Salford Co-operative Dyers, 84.  
 — Garden Lane Universal Family Society, 85.  
 Saxmundham Spade Husbandry Association, 81.

- Schloss, D. F., on wages in the Boot-works of the Wholesale Society and of the Leicester Boot Manufacturing Society, 424.
- Scotch Tweed Manufacturing Society, 367; preliminary expenses of, 368; proposed absorption into Scottish Wholesale Society, 366; representation in the Co-operative Newspaper Society, 604.
- Scotland, baking by Co-operators in, 150; report on prospects of Co-operative farming in, 635.
- Scott, H. A., on the Harwich Society's farm, 660.
- Scottish conference on Co-operative farming, 634.
- Co-operative Coal Co., 514.
- Farming Association, 635; prize-taking by, 638; House-hill farms taken by, 639.
- Ironworks Society, 461.
- Operative Tailors' Union and Co-operative Societies, 164.
- Wholesale Society, the, 17, 240; Shirt factory, 240; Mantle factory, 241; 'Slop' factory, 241; Cabinet-making works of, 244; Brush factory, 245; Shield-hall factories of, 247; Chancellor Corn Mill, 248; Building department, 248, 540; farm, 647.
- Seaham Harbour Society, grazing land held by the, 656.
- Seaton Delaval Society, gas-making by, 165; farm, 654.
- Shadwell Shirtmakers' Association, 395.
- Shaftesbury, Lord, Hon. President of the Artisans' Dwellings Co., 546.
- Park acquired by the Artisans' Dwellings Co., 546.
- Share investments limited by law, 13.
- Shareholding as a condition of employment, 770.
- Shaworth Manufacturing Co., 278.
- Sheepshed Hosiery Society, 372; farm, 664.
- Sheeples Farm, Nottingham, 661.
- Sheerness Economical Society, 159.
- Sheffield miners join the South Yorkshire Mining Co-operative Society, 515.
- Co-operative Filesmiths' Society, 491.
- Cutlery Co-operative Productive Society, 492.
- Engineering Society, 491.
- Labour exchange, 95.
- Shield-hall factories of the Scottish Wholesale Society, 247.
- Shildon Corn Mill, 182.
- Shillito, John, on the quality of the Idle Society's goods, 347; on the Halifax Society's farm, 657.
- Shipbuilding Society at Dumbarton, proposal to start, 461.
- Union Co-operative Society, 716.
- yard at Irvine, of the Scottish Ironworks Society, 462.
- Shirland Co-operative Colliery, 523.
- Shirt factory of the Scottish Wholesale Society, 240.
- makers' Association, Shadwell, 395.
- Shoemakers' Association, Tottenham Court Road, 117.
- Shufflebotham, Mr., on method of working the Coventry Watch Manufacturing Society, 729.
- Shuttleworth, Sir J. Kay, on Co-operative Cotton Factories, 257.
- 'Slop' factory of the Scottish Wholesale Society, 241.
- Smith, F., manager of the Union Land and Building Co., 550; on reasons for abolishing bonus, 552; on causes of failure, 554.
- Joseph, Secretary of the Co-operative Newspaper Society, 601.
- Smithies', James, hopes for growth of the Wholesale Society, 766.
- Smiths' Association, London, 116.
- South Buckley Coal and Firebrick Co., 499.
- South Metropolitan Gas Co. and Profit-sharing, 785.

- South Yorkshire Miners' Association lends money to the Co-operative Filesmiths' Society, 491; with North Derbyshire Miners' Association purchase Shirland Colliery, 523.  
 — Mining Co-operative Society, 515.  
 Sowerby Bridge Corn Mill, 205.  
 Spade husbandry, value of, 55.  
 Spencer, Earl, Co-operative farming experiment, 640; on the Harleston Co-operative farm, 642.  
 Spinning at Oldham in 1871, 292.  
 Spring Vale Colliery Co., 530.  
 — Paper Mill and the cost of law, 608.  
 St. Crispin Boot Productive Society, Raunds, 413.  
 St. Rollox Engineering Works, 462.  
 Staffordshire Newspaper and General Printing Society, 573.  
 Stanningley Co-operative Manufacturing Society, 347.  
 Stanley Hall colliery, 526.  
 Stapleton, Robert, description of the colliers at Monkwood, 510.  
 Statistics of Co-operation in 1891, 1; of the Co-operative Wholesale Society in 1892, 18; of the Scottish Wholesale Society in 1892, 19; of Co-operative Productive Societies in 1891, 20.  
 Staveley Co-operative Bobbin Manufacturing Society, 715.  
 Stewart, W., on the Edinburgh Co-operative Builders, 544.  
 Stockport Redemption Society, 97.  
 Stockton-on-Tees Corn Mill, 191.  
 Stokesley Corn Mill, 174.  
 Strathaven Bleaching Green Co., 712.  
 — Weavers' Beaming Society, 712.  
 Strikes among Bury shoemakers, 99; of Amalgamated Engineers, 132; at Leicester Boot works, 228; at Heckmondwike Boot works, 231; at Boot factory of the Scottish Wholesale Society, 244; at Cabinet factory and Brush factory of the same, 245, 246; in the Cotton-spinning industry, 297, 300, 306; at Eccles Manufacturing Society, 332; at Bugle Horn Colliery, 336; at Paisley Manufacturing Society, 343; at Ouseburn Engine works, 451; of Chainmakers at Walsall, 482; at Cradley Heath, 484; at Briggs' Collieries, 494, 498; at Eccleshill Colliery, 528; at Howley Park Quarry, 569; at Metropolitan Printing Company, 580.  
 Strikes have caused formation of Ouseburn Co., 446; Edinburgh Co-operative Building Co., 541; Morley Quarry and Building Society, 567; Manchester Billiard-table Makers' Society, 723.  
 — have not been prevented by Profit-sharing, 786.  
 — stimulated London Stick Manufacturers, Limited, to start business, 701.  
 Sub-contracting by the Co-operative Padlock Society, 480.  
 Sundries Manufacturing Society, Gorton, 708.  
 Sun Mill Co., 282; exertions made to obtain capital for, 285; who shall have employment at? 287; discontinue weaving, 288.  
 Superior positions, success of open selection for, 771.  
 Surplus funds, investment of, 7.  
 Swallow, William, on the failure of Idle Society, 347; on Tipton Green Colliery, 522.  
 Swindlehurst, W., 545; convicted of fraud, 547.
- T.
- Tailoring departments of Co-operative Societies, 162; of the Wholesale Society, 235; of the Scottish Wholesale Society, 240.  
 Tailors' Associations, of Castle Street, 112; in the City, 115; of Liverpool, 128; of Manchester, 129.  
 Taylor, Sedley, opinion on Messrs. Briggs' treatment of their em-

- ployés, 498; on inducements to capitalists to adopt Profit-sharing, 791.
- Tea-rooms opened by the Glasgow United Baking Society, 157.
- Thames Ironworks Co. and Profit-sharing, 785.
- Thirsk Corn Mill, 174.
- Thompson, Wm. and Sons, Limited, 363; Mr. George Thomson appointed Manager for life, 363; on his position at Thomson's, 364; Assurance and Pension Fund at, 366.
- Times, The*, on Co-operation (1863), 259; on The Engineers' Nine hours strike, 446.
- Tingdene Boot Manufacturing Society, 410.
- Tin-plate Workers' Union, helps the Wolverhampton Locksmiths' Society, 438; starts the Midland Productive Tin-plate Workers' Society, 486.
- Tipton Green Colliery Co., 519.
- Tobacco factory of the Rochdale Pioneers' Society, 165; of the Scottish Wholesale Society, 247.
- Tongfold Co-operative Association, 84.
- Tottenham Court Road, Shoemakers' Association, 117.
- Trades Union Congress, with Co-operative Congress, form a joint committee, 344; visits Shieldhall works, 248.
- Trades Unions and the Wholesale Society, 236; their relations to
- Co-operative Societies, 343; help the Wolverhampton Locksmiths' Society, 438; the Walsall Society, 478; found the Midland Tin-plate Workers' Society, 486; funds saved by Co-operation, 487; hostility to Profit-sharing of, 785.
- Trades Unionism and the Keighley Ironworks Society, 470.
- Trades Unionists and Co-operators join to found the Hosiery Factory at Leicester, 374; support the Kent Brickmaking Society, 571; the Co-operative Printing Society, 573; the Printing works at Edinburgh, 582.
- Trades Unionist, The*, founded by Dockers' Union, 593.
- Truckshops, system of, an obstacle to Co-operation, 10; cause the formation of Northamptonshire Productive Society, 402.
- Tussaud's, Madame, decorated by Frame-makers' and Gilders' Association, 682.
- Tyne Co-operative Cabinet Works, 719.
- Engine Works Co., 458.
- Tynemouth Co-operative Festival, 689.
- U.
- Ufton Hill Farming Association, 630.
- Union Co-operative Shipbuilding Society, Blyth, 716.
- Land and Building Co., 550; erect works for the Co-operative Printing Society, 575.
- Land and Building Society, 550.
- Paper Works Co., 613.
- United Baking Society, Glasgow, 153.
- Boot and Shoemakers' Association, 431.
- Coal Mining Society, 533.
- London and Provincial Building Co., 547.
- University Club Boot Manufacturing Society, 427.
- V.
- Vandeleur's, J. S., experiment at F. Lahine, 65.
- Voting - power in Co-operative Societies, 779.
- W.
- Wächter, E., involves Metropolitan Printing Co. in dispute with Compositors' Trade Union, 580.
- Wages at Orbiston, 59; at F. Lahine, 67; of Brighton Co-operators in 1828, 79; (and profits) in the Oldham Cotton industry,

- 1873, 293; of Cotton operatives in Oldham, 307; at Lurgan, 383; at the Wholesale Society's Leicester works, and at the Leicester Boot Society's works, 424; of Nailers, 471, 473; at the Walsall Padlock Society, reduced by consent, 481; (and prices) in the Coal trade, 1871-3, 501; at Radbourne Manor farm, 629; of Suffolk Mat-makers, 693; in the Boot trade, irregular rates of, 790.
- Walden Street Workwomen's Co-operative Association, 397.
- Walgrave Boot Manufacturing Society, 414.
- Walker, R. B., 599.
- Walls court, Lord, his practice of Profit-sharing, 784.
- Walsall Cart-gear, Chain, and Hame Manufacturing Society, 482.
- Co-operative Padlock Society, 479.
- Lock and Hardware Manufacturing Society, 477.
- Walton, A., recommends Co-operation to the Liverpool building trades, 548.
- Walworth Dress and Mantle Makers' Society, 397.
- Watch-Jewel Manufacturing Society, the Coventry, 729.
- Manufacturing Society, The Coventry, 725.
- Watts, Dr. J., on the Padiham and Whit Lane Mills, 140, 141; on the Bacup Cotton Mill, 253; on the Cobden Mills, 269; speech at Sun Mill, 284; articles on Co-operation, 598; confidence of Co-operators in, *ib.*; on Communism, Competition, and Co-operation, 739; on safe Co-operative progress, 755; recommends production by the Wholesale Society, 756; advocates making shareholding a condition of employment, 770.
- Wealth, equitable division of, more important than Profit-sharing, 784.
- Weavers' Beaming Society, Strathaven, 712.
- Weaving discontinued by Sun Mill Co., 288; and by the Leigh Society, 315; commenced by Hebden Bridge Fustian Society, 335.
- Weede, Miss, 587.
- West Ham community, 70.
- Westminster Review*, *The*, of the Manchester Tailors' and Hatters' Associations, 131.
- West Stanley Society's farm, 655.
- West Yorkshire and North Staffordshire Coal-mining and Building Society, 525.
- Wheelwrights', &c., Society, Manchester and Salford, 723.
- Whiley, Henry, 550.
- Whitby Union Corn Mill, 127.
- White, Arnold, helps the Bethnal Green Cabinet-makers, 702.
- Whitebirk Colliery, method of Working, 504.
- Whitechapel Mantle-makers' Society, 398.
- Whit Lane Co-operative Cotton Factory, 85, 138.
- Whittaker, J., on the Manchester Dyers, 80.
- Whittlesfield Manufacturing Society, 323.
- Whitworth Manufacturing Society, 279.
- Wigan community, 64.
- Wilberforce, T., opposes further investments by Leeds Society in Tipton Green Colliery, 522.
- Willington Society, accommodation land held by, 653.
- Windhill Society, accommodation land held by, 659.
- Windsor Ironworks, Liverpool, 133.
- Winsford Society, accommodation land held by, 659.
- Withnell Paper Manufacturing Co., 612.
- Wollaston Co-operators, obtain first contract from the Government, 403.
- Wolverhampton General Locksmiths' Society, 490.

- Wolverhampton Locksmiths' Society**, 437, 438; (second), 443.  
**Women**, rights of, in Co-operative Societies, 2; in association at Tangfold, 84.  
**Women's Printing Society**, 568.  
**Woodin, J.**, 120.  
**Woolwich Society's farms**, 668-671.  
**Workers' and Capitalists' losses in bad times**, 791.  
**Workers as shareholders in Edinburgh Printing Co.**, 585; in Assington Farming Association, 617; in Oldham Companies, 769; as officers in Co-operative Societies, 778.  
 — refused admission as members in Finedon Boot Society, 410; Wollaston Boot Society, *ib.*; Raunds Boot Society, 413; Walsall Padlock Society, 481; Decorative Co-operators' Association, 564.  
**Working Bakers' Association**, London, 116.  
 — Builders' Association, North London, 116.  
 — Gildeis' Association, 675.  
 — Men's College, Great Ormond Street, founding of, 110.  
**Working Pianoforte Makers' Association**, 116.  
 — Printers' Association, 116.  
 — Shoemakers' Association, Tottenham Court Road, 117.  
 — Smiths' Association, 116.  
 — Tailors' Associations, London, 112; Liverpool, 128; Manchester, 129; Whitechapel, 393.  
*Workman's Times*, on the Leicester Hosiery Society's employes, 379.  
**Workwomen's Co-operative Association**, Walden Street, 397.

## Y.

- Yorkshire Co-operative Corn Mills in 1852**, 85.  
 — Woollen Manufacturers in 1844, Co-operation among the, 86.  
 — (South), Co-operative Mining Society, 515.  
 — — and North Derbyshire Miners' Association, purchase Shirland Colliery, 523.  
 — (West) and North Staffordshire Coal-mining and Building Society, 525.  
**Young, Edward**, on the Era of Machinery, 41.



**Oxford**

**PRINTED AT THE CLARENDON PRESS**

**BY HORACE HART, PRINTER TO THE UNIVERSITY**

